

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

FY 2019 ADOPTED BUDGET & FY 2020 APPROVED CONCEPTUAL BUDGET

SAN DIEGO, CALIFORNIA

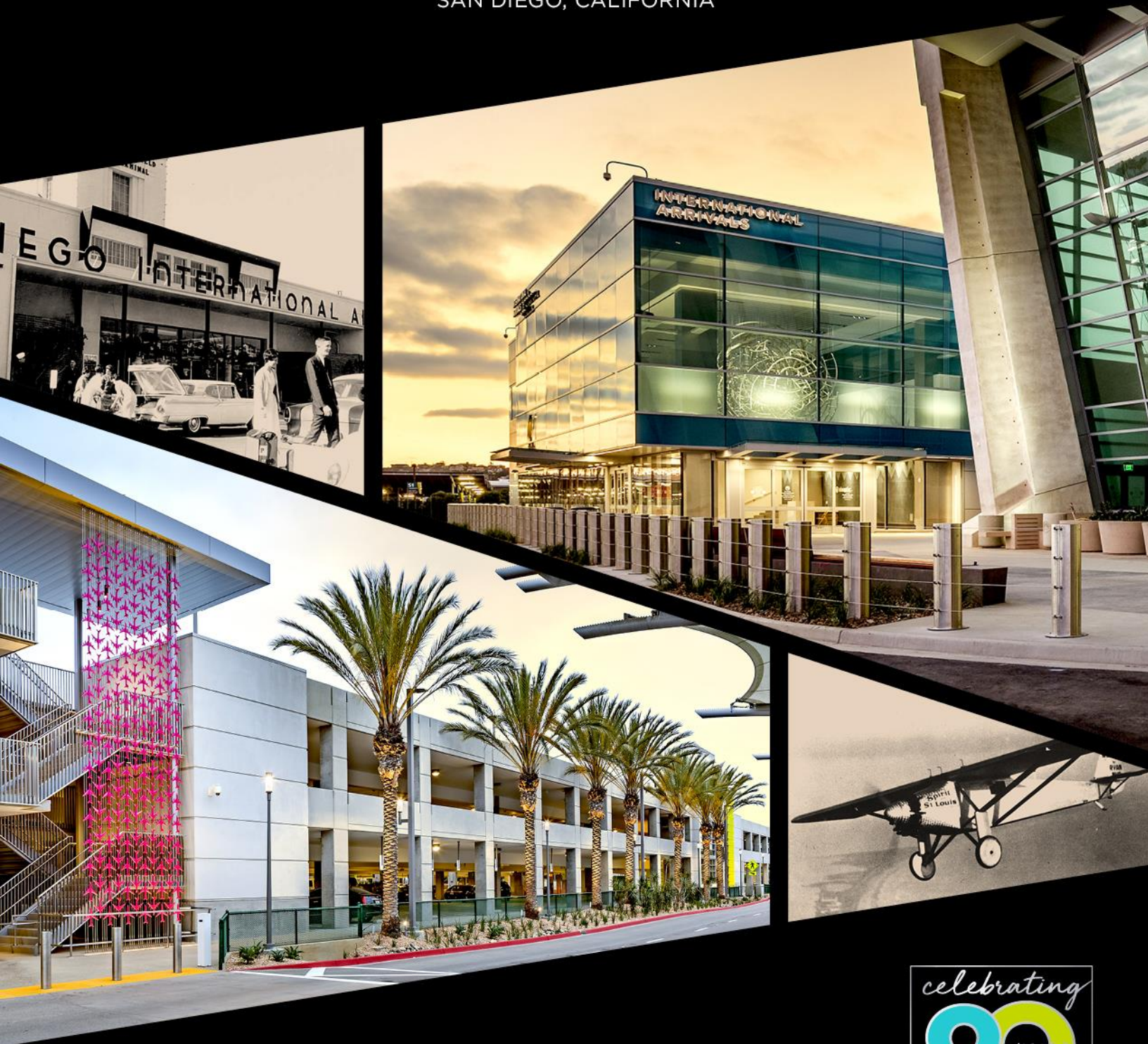


Table of Contents

Introductory Letter	V
Executive Summary	viii
Airport Authority Overview	1
Board of Directors	2
Executive Management Team	3
Director Staff	4
SDCRAA Organizational Structure	5
Organizational Strategies and Initiatives	6
Overview of Financial Policies & Guidelines	8
Overview of Projected Fund Balance	13
Financial Projections	16
Budget Overview: Revenue	19
FY 2019 Revenue Budget – FY 2020 Conceptual Revenue Budget	20
Budget Revenue Variance	21
Revenue Budget by Major Sources.....	22
Overview	24
Budget Overview: Expenses	30
FY 2019 Expense Budget – FY 2020 Conceptual Expense Budget	31
FY 2019 Budget Expense Variance.....	32
Major Drivers of FY 2019 Budget	33
FY 2020 Conceptual Budget Expense Variance	34
Major Drivers of FY 2020 Conceptual Budget	35
Overview	36
Expense Budget by Division	40
Expense Budget by Category.....	42
Personnel Budget by Division.....	44
New Positions.....	46
Executive Division	47
Overview	48
FY 2019 – FY 2020 Organizational Structure	50
FY 2019 Budget – FY 2020 Expense Conceptual Budget Summary	51
Major Drivers of FY 2019 Budget & FY 2020 Conceptual Budget.....	52
Expense Budget by Department.....	53
Expense Budget by Category.....	55
Executive Division – Chief Auditor.....	57

Table of Contents

Executive Division – Executive Office	64
Executive Division – General Counsel	67
Executive Division – Talent, Culture & Capability	72
Development Division	80
Overview	81
FY 2019 – FY 2020 Organizational Structure	82
FY 2019 Budget – FY 2020 Expense Conceptual Budget Summary	83
Major Drivers of FY 2019 Budget & FY 2020 Conceptual Budget.....	84
Expense Budget by Department	85
Expense Budget by Category	87
Development Division – Airport Design & Construction	89
Development Division – Facilities Development	96
Development Division – Planning & Environmental Affairs.....	101
Finance Division	109
Overview	110
FY 2019 – FY 2020 Organizational Structure	111
FY 2019 Budget – FY 2020 Expense Conceptual Budget Summary	112
Major Drivers of FY 2019 Budget & FY 2020 Conceptual Budget.....	113
Expense Budget by Department	114
Expense Budget by Category	116
Finance Division – Accounting.....	118
Finance Division – Airline Relations.....	124
Finance Division – Finance & Risk Management	128
Finance Division – Information & Technology Services	135
Finance Division – Procurement.....	141
Operations Division.....	148
Overview	149
FY 2019 – FY 2020 Organizational Structure	151
FY 2019 Budget – FY 2020 Expense Conceptual Budget Summary	152
Major Drivers of FY 2019 Budget & FY 2020 Conceptual Budget.....	153
Expense Budget by Department	154
Expense Budget by Category	156
Operations Division – Airside & Terminal Operations.....	158
Operations Division – Aviation Security & Public Safety	164
Operations Division – Board Services	170
Operations Division – Facilities Management.....	175

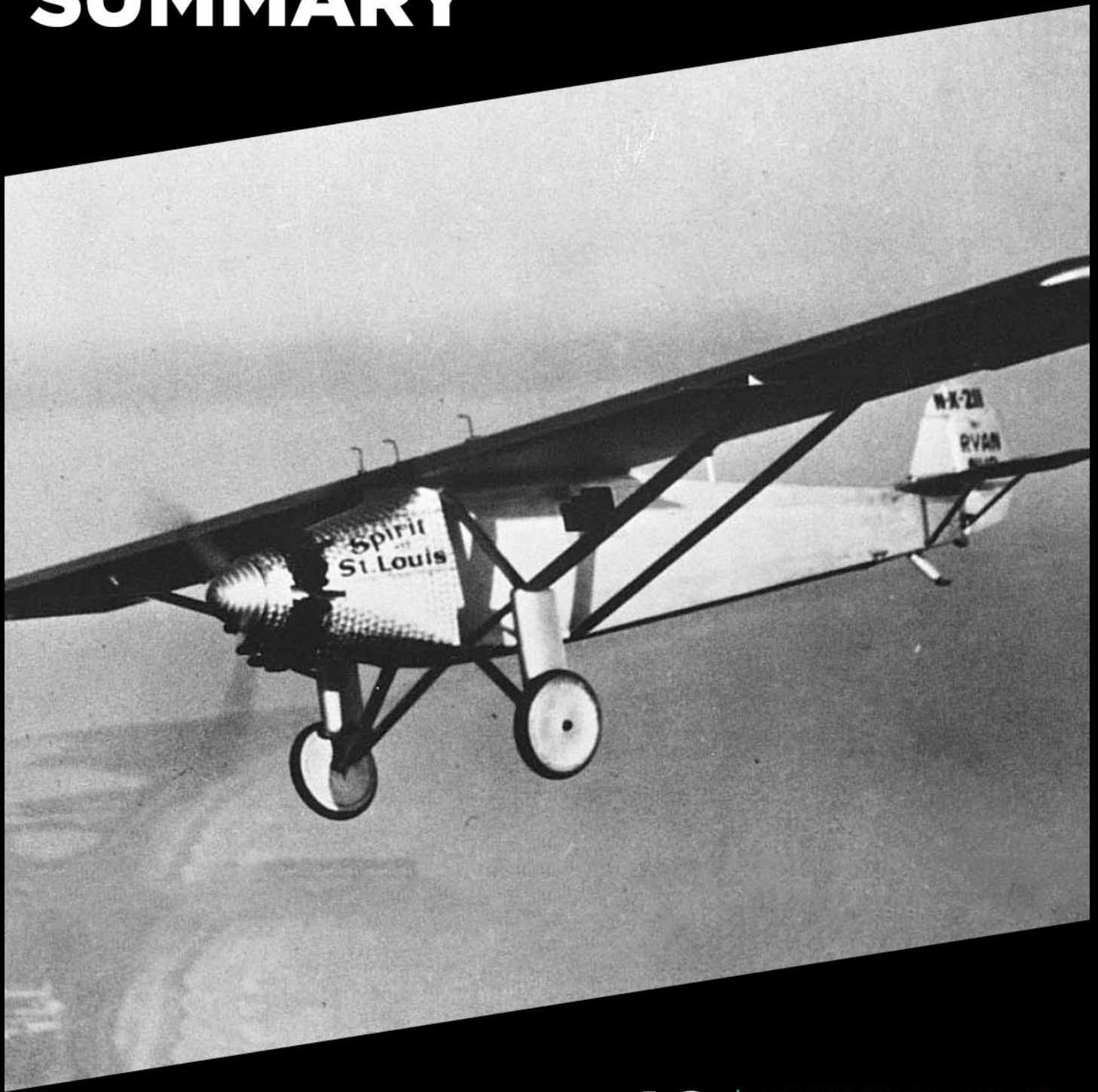
Table of Contents

Operations Division – Ground Transportation	181
Operations Division – Inter-Governmental Relations.....	187
Operations Division – Media & Public Relations	192
Revenue Management & Innovation Division	201
Overview	202
FY 2019 – FY 2020 Organizational Structure	203
FY 2019 Budget – FY 2020 Expense Conceptual Budget Summary	204
Major Drivers of FY 2019 Budget & FY 2020 Conceptual Budget.....	205
Expense Budget by Department.....	206
Expense Budget by Category.....	208
Revenue Management & Innovation Division – Innovation & Business Development.....	210
Revenue Management & Innovation Division – Small Business Development	215
Revenue Management & Innovation Division – Marketing, Arts & Air Service Development	221
Revenue Management & Innovation Division – Revenue Management.....	226
Debt Service.....	232
Overview	233
Debt Service Coverage	236
Outstanding Debt Service	238
Debt Service by Source	239
Capital Program	241
Overview.....	242
Capital Program Process.....	242
Program Summary	243
Sources & Uses of Funds by Fiscal Year	243
Funding	244
Airside Projects.....	246
Landside Projects	250
Terminal Projects	253
Administrative Projects	257
Ancillary Projects	259
Performance Indicators.....	260
Operating Ratio	261
Operating Revenue per Enplanement	262
Non-Airline Revenue per Enplanement	263
Enplaned Passengers per FTEs	264
Operating Expenses per Enplanement	265

Table of Contents

Airline Cost per Enplaned Passenger	266
Days Cash on Hand	267
Airline Cost per Enplaned Passenger by Airport	268
Supplemental Data	273
Annual Enplaned Passengers.....	274
Airline Market Share	275
Aircraft Landed Weight	276
Airline Landed Weight	277
Landing Fees	278
Terminal Rates Billed to Airlines	279
Aircraft Operations (Takeoffs and Landings)	280
Historical Revenue by Source	281
Airport Authority’s Largest Sources of Revenues	282
Economic and Operational Trends	283
Population and Economic Metrics.....	284
Principal Employers	284
Employment by Industry Sectors.....	285
Labor Force, Employment and Unemployment Rate	286
Table of Figures.....	288
Glossary.....	291

INTRODUCTORY LETTER & EXECUTIVE SUMMARY



19
27

LINDBERGH'S LAUNCH

LINDBERGH'S PLANE, THE SPIRIT OF ST. LOUIS, WAS BUILT IN SAN DIEGO BY RYAN AIRLINES.

August 31, 2018

C. April Boling, Board Chair

Paul Robinson, Vice Chair

Greg Cox

Jim Desmond

Mark Kersey

Robert T. Lloyd

Johanna Schiavoni

Michael Schumacher

Mark B. West

Ex-Officio Members

Cory Binns

Jacqueline Wong-Hernandez

Colonel Charles B. Dockery

Dear Board Members:

Establishing the budget is a deliberative process reflecting the Board's continuous leadership and direction as expressed through the San Diego County Regional Airport Authority's (SDCRAA, or Airport Authority) five-year Strategic Plan. This five-year Strategic Plan enables the Airport Authority to sustain its leadership position as a business-driven, passenger-centered, community-minded enterprise. It does so by aligning leadership and staff over a five-year period in their efforts to plan and build an enduring, resilient enterprise through effective management of financial, social and environmental risks, opportunities and obligations.

Submitted herein are the Airport Authority's adopted operating and capital budget for Fiscal Year (FY) 2019 and approved Conceptual Budget for FY 2020. The budget is the culmination of an extensive, collaborative effort, which included workshops with members of the Airport Authority Board and staff that evaluated the operating and capital improvement needs and obligations of the organization. The budget ensures adherence to the requirements of the master and subordinate bond indentures governing the Airport Authority's outstanding indebtedness and takes into account its obligations under state and federal law.

The goal of multiyear budgeting is to facilitate the integration of strategic and financial planning and resource allocation. Last year, the Board approved a FY 2019 Conceptual Budget that was revised, and subsequently adopted, as the FY 2019 Budget. The FY 2020 Conceptual Budget was approved and will be revised to reflect any changes in initiatives, as well as industry, economic and geopolitical events next year. After completion of the Airport Authority's budget preparation and evaluation process, a revised FY 2020 Budget will be presented and discussed with the Board in May and June 2019 for review and formal adoption. A FY 2021 Conceptual Budget will also be presented for approval.

The budget supports operating San Diego International Airport (SAN, or the Airport Authority) as a world-class facility while maintaining the fiscal conservatism necessary to remain financially strong. In addition to supporting the Airport Authority’s financial and operational requirements, the budget also addresses the organization’s responsibilities related to meeting the long-term aviation needs of the region:

- Studying, planning and implementing capital improvements to meet current and future facility requirements at SAN, including the Airport Development Plan (ADP) (see **Capital Program**).
- Serving as the region’s Airport Land Use Commission (ALUC) a responsibility that includes developing comprehensive land use plans for the public-use and military airports in San Diego County.
- Strategically directing the allocation of resources to enable the Airport Authority to operate SAN in a manner that meets or exceeds customer expectations while simultaneously executing its legislative mandates and regulatory requirements.

The FY 2019 and Conceptual FY 2020 Operating Budget (“Budget”) of \$299.7 million and \$315.7 million, respectively, marks the Authority’s sixteenth fiscal year operating budget. The Budget reflects opening of the Parking Plaza and new Federal Inspection Station (FIS), and continued modest economic and industry growth. It supports passenger-focused, business driven and community-centered enterprise.

The FY 2019 and Conceptual FY 2020 operating and non-operating revenue are \$412.5 million and \$428.6 million, respectively.

The Capital Improvement Program (CIP) is a rolling five-year program which provides for critical improvements and asset preservation for the Authority. The program includes projects that address airfield safety and capacity, environmental protection, terminal enhancements, and landside infrastructure and access improvements. The FY 2019 – FY 2023 proposed Capital Program total is \$1,103.2 million which includes Terminal 2 West FIS build-out with a budget of \$229.5 million and the Parking Plaza with a budget of \$127.8 million.

Additional details are provided in the **Executive Summary**.

Every effort has been made to ensure that the FY 2019 Budget and the FY 2020 Conceptual Budget both reflect the resources required to execute the Airport Authority’s strategies and initiatives as supported and directed by the Board, while meeting all federal safety and security mandates and legislative requirements. This budget also allows the Airport Authority to fulfill its mission of providing air transportation for the San Diego region and supports the continued operation of SAN while maintaining a strong fiscal foundation to support the organization well into the future.

Respectfully submitted,



Kimberly J. Becker
President | Chief Executive Officer



Scott M. Brickner, CPA
Vice President | Chief Financial Officer

Executive Summary

SAN is celebrating its 90th anniversary this year. While we focus on our forward-looking organizational activities, this is also a good time to look back and consider just how far we've come over the last century. There are not many other institutions in San Diego that can claim such a long and enduring history. What's even more remarkable is that the airport, for its entire existence, has remained in the same location, just minutes from San Diego's vibrant urban core. The convenience of our location for tourists, business travelers and convention-goers is one of the things that makes our airport special.

SAN started as a small, muddy airfield next to San Diego Bay in 1928 and quickly became the first federally certified airfield to serve all aircraft types. This was an important acknowledgement of the potential for commercial and general aviation in a city known as the "birthplace of naval aviation." Not only did San Diego continue to rack up aviation "firsts" in both the military and private/commercial sectors over the years, SAN itself has since grown into the busiest single-runway commercial airport in the nation, serving 22 million passengers last year and establishing itself as one of San Diego County's foremost economic drivers.

SAN continues to be part of the past, present and future of the region, and is vital to the growth of San Diego County's key industries: tourism, defense, and innovation.

Organizational Initiatives

The strategic goals in our five-year Strategic Plan set targets to measure the success of the Airport Authority. Each goal has a set of associated initiatives that offer focus and guidance as annual plans and budgets are developed and executed. All five together will ensure our impact, our progression toward sustainability, and our readiness for further growth. The five strategic goals are defined as follows:

- 1. Exceed our customers' expectations by introducing innovative service and facility enhancements:**
In 2022, a traveler at San Diego International Airport will have access to non-stop routes to five continents and enjoy a terminal experience that rivals the Green Build experience today, no matter which airline is chosen. Both private and public ground transportation options will be technology-enhanced and support a stress-free journey.
- 2. Grow and efficiently manage capacity for future demand, both landside and airside, including international facilities:**
In 2022, we will be optimally positioned to continue to operate our airport in a safe, secure, environmentally sound, effective, and efficient manner.
- 3. Enhance community understanding of SAN as an economic engine and a portal for prosperity that enhances our quality of life:**
In 2022, elected officials and community, civic and business leaders will be familiar with SAN's story and recognize SAN as a regional economic driver that generates an estimated \$12 billion annually in economic impact, is a major job creator, and acts as a mindful community partner.
- 4. Develop leaders and a workforce aligned to the needs of our Strategic Plan and an inclusive environment that reflects the diversity of our community:**
In 2022, our organization will have sustained its position as an employer of choice, attracting and retaining a skilled workforce and leadership team that are highly productive and committed. Our leaders will successfully coach and develop employees to assure succession and the continuity of a high-performing culture.

Executive Summary

5. Execute a Plan of Finance that provides the financial resources necessary to achieve the 2022 Future State while maintaining the enterprise's strong financial position:

In 2022, our organization will have successfully funded the first phase of the ADP while maintaining a strong financial position to weather economic downturns and continue subsequent phases of the ADP and capital program.

Additional details are provided in the section titled ***Airport Authority Overview***.

Passenger Satisfaction

The Airport Authority places a high priority on the passenger experience as evidenced by our Strategic Plan goal to exceed our customers' expectations by introducing innovative service and facility enhancements. One measure of success is sustaining or improving satisfaction with San Diego International Airport as measured by the Airports Council International Airport Service Quality (ASQ) Survey.

Since opening the Green Build, the Airport Authority has been able to sustain Customer Satisfaction above 4.00 on a five-point scale. Last year was no exception with a score of 4.10 overall satisfaction. This sustained overall customer satisfaction score is despite aging Terminal 1 infrastructure placing downward pressure on overall satisfaction. When comparing the two terminals, Terminal 1's scores are significantly lower in overall satisfaction at 3.88 than Terminal 2 at 4.36.

Key infrastructure constraints that are driving the lower score include comfort of the waiting/gate area, ambiance of the airport, business/executive lounges, cleanliness of the airport terminal and shopping facilities. As we advance the ADP, a key driver of that effort is our ability to continue to meet current and future demand for air transportation in the region. A replacement for Terminal 1 that meets the needs of all stakeholders is central to that plan.

Economic and Operational Trends Affecting the Budget

Economic and industry trends drive passenger traffic and airline operations at SAN, directly impacting our operating environment and airport finances. The explained passenger projections used in the preparation of this budget were determined by evaluating Federal Aviation Administration (FAA) forecasts, recent trends and airline schedules and service announcements.

The U.S. economy continues to slowly strengthen. Gross Domestic Product (GDP) increased 2.2% during 2017, reflecting continued modest growth in the national economy (see *Figure 63* in **Supplemental Data**). In addition, the Dow Jones Industrial Average (DJIA) increased by 19.4% in 2017 (see *Figure 64* in **Supplemental Data**).

The Air Trade Area for the Airport includes San Diego County as well as portions of neighboring Orange and Riverside Counties, and Baja California del Norte, Mexico. The California Department of Finance estimates the population of San Diego County to be 3.34 million as of January 1, 2018. The county is the second largest in California, in terms of population, and the City of San Diego ranks as the second largest city in the state. The majority of the county's population is concentrated in its western portion adjacent to the ocean. The largest cities in the county are San Diego (43%), Chula Vista (8%), Oceanside (5%), Escondido (5%), Carlsbad (3%), and El Cajon (3%). The combined San Diego/Tijuana metropolitan population is estimated to be around 5 million inhabitants.

San Diego County has enjoyed a relatively stable economic climate during the past four years, with lower unemployment rates than the State of California. The U.S. Bureau of Labor Statistics notes that the county's

Executive Summary

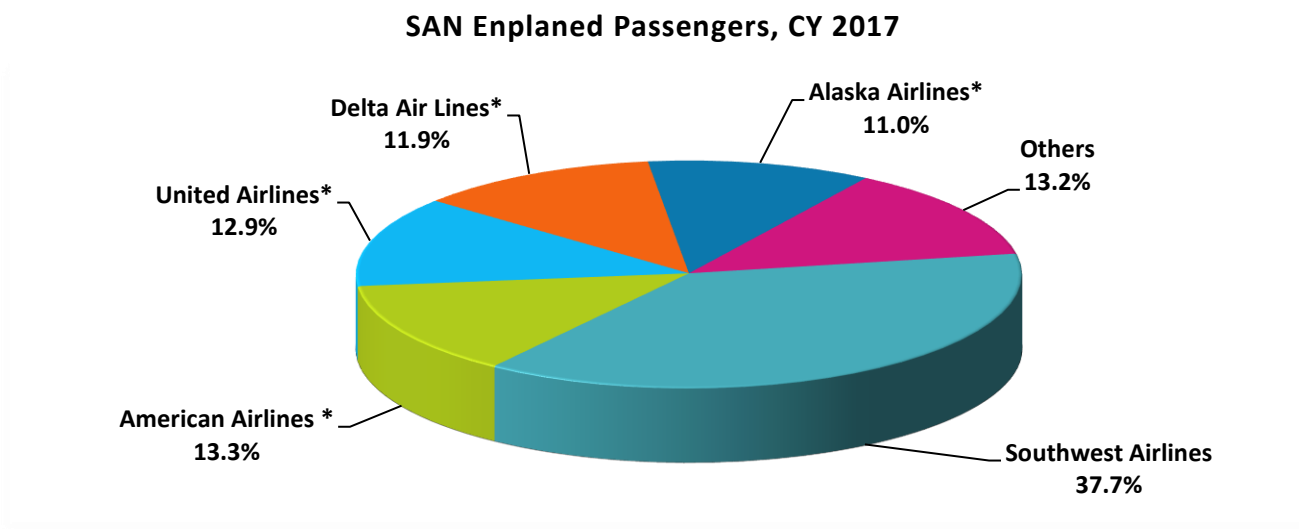
average unemployment rate for June 2018 was 3.7% compared to 4.5% for the state. This reflects the nature of the region's diverse economy, providing an attractive mix of leisure, business sectors and government. The county is home to more than 120 publicly traded companies.

For Calendar Year (CY) 2017, domestic airlines generated \$11.9 billion in profit, down from \$14.6 billion the previous year. All airlines saw their expenses grow more than their revenues for the year, which can be mainly attributed to the rising costs of fuel and labor. Passenger growth has been steady though over the last nine years, which has led the airport industry as a whole to have a positive outlook for the year of 2018 by Moody's. Airlines can rely on continued passenger growth to keep revenues steady while giving attention to finding ways to manage their costs. Going forward, things that could affect the industry are continued uncertainty over fuel prices, the administration's infrastructure plan, and economic uncertainty including the effects of trade policy and any potential effects of Brexit negotiations.

Based on past experience, future airline traffic at SAN will most likely continue to be affected by a variety of forces and events. These include local, national and international economic policies, geopolitical events, world health emergencies, federal regulatory and legislative actions, the financial health of the airline industry, fuel prices and natural disasters. The Airport Authority is unable to predict with absolute certainty the long-term operational and financial effect these factors may have on air travel. As a result, any long-term forecast the Airport Authority makes may vary materially from the actual results.

Given these uncertainties, it is beneficial for an airport to be served by a diverse carrier base that includes both legacy carriers and low-cost carriers. SAN is an origin and destination airport where no one carrier dominates, and where a significant number of low-cost carriers serve the market. In 0. CY 2017, air service was provided by 22 passenger airlines, including regional affiliates. Southwest Airlines, the largest carrier, served 37.7% of the passengers who traveled through SAN (see *Figure 1*); its lead in market share is expected to continue.

In CY 2017, low-cost carriers accounted for 60.5% of seat capacity and 59.4% of enplaned passengers. Their presence in certain markets serves to stimulate pricing competition among all carriers, which typically stimulates demand through lower fares.



* Including regional affiliates

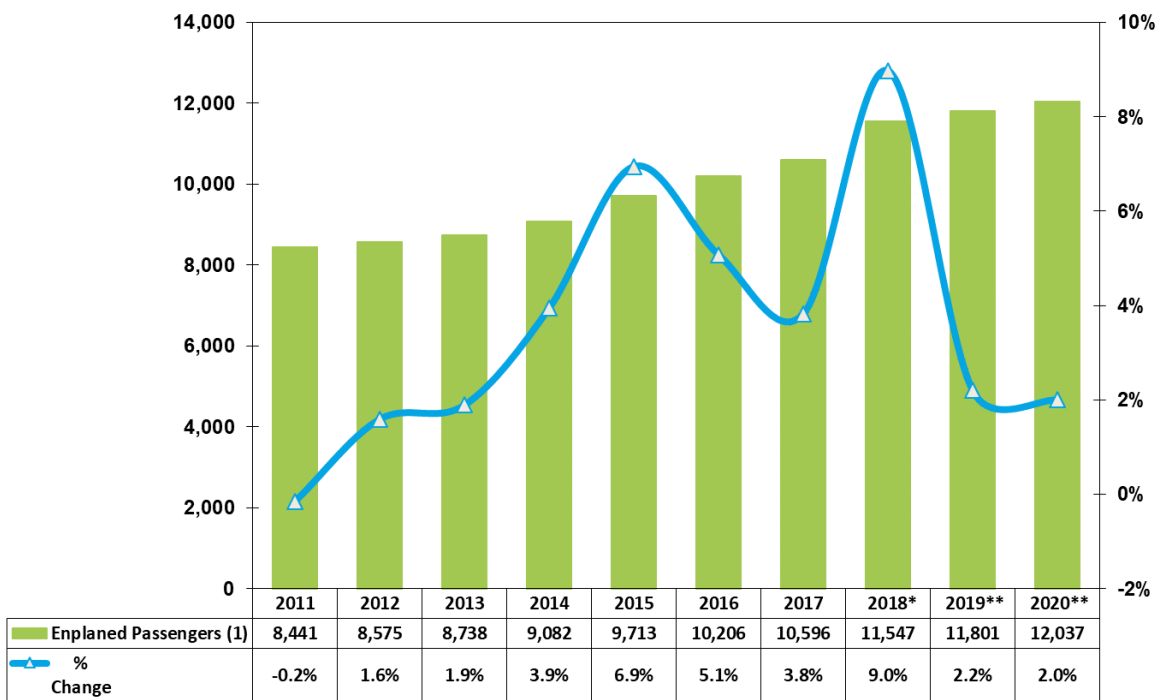
Figure 1 – SAN Enplaned Passengers by Carrier

Executive Summary

Passengers departing from SAN can now fly non-stop to 65 domestic and 9 international destinations, with one-stop connections to over 300 international destinations around the world. FY 2018 saw the addition of international air service to Frankfurt, Germany, Puerto Vallarta, MX and San Jose Del Cabo, MX, and domestic air service to Albuquerque, NM; Austin, TX; Colorado Springs, CO; Detroit, MI; El Paso, TX; Eugene, OR; Kahului/Maui, HI; Kansas City, MO; Minneapolis/St. Paul, MN; Oklahoma City, OK; Omaha, NE; San Antonio, TX; St. Louis, MO; Tampa, FL; and Tulsa, OK. The Airport Authority’s Air Service Development Department continues to build upon this success and pursue expanded international and domestic opportunities.

All of these economic and industry factors together with additional air service are reflected in the FY 2019 Budget and the FY 2020 Conceptual Budget, which are predicated on modest passenger growth as shown in *Figure 2*. In FY 2019, enplaned passenger traffic at SAN is projected to reach 11.80 million, which represents an increase of 10.22% from the 10.71 million enplanements used in the FY 2018 Budget and a 2.2% increase over the 11.55 million enplanements projected for FY 2018. Enplaned passengers are projected to increase by 2.0% to 12.01 million in the FY 2020 Conceptual Budget.

Enplaned Passengers and Annual Growth by Fiscal Year



* Projected FY 2018
 ** Budgeted FY 2019 & FY 2020

Figure 2 – Enplaned Passenger and Annual Growth

Executive Summary

Budget Process

The Airport Authority operates on a July 1st through June 30th Fiscal Year. The annual budget cycle includes the preparation of two budgets: one to be adopted by the Board for the next fiscal year and a conceptual budget for the subsequent fiscal year that the Board approves but does not adopt. The budget process usually begins in October with senior management collaborating with the Board to update, review and formulate the strategies and initiatives that will drive business performance. From October to January, the management team engages in cross-functional discussions to arrive at key decisions and agreements. The effort is designed to align divisional requirements with the Airport Authority's overall strategies and initiatives. The Airport Authority Board is briefed continually to solicit input and direction throughout the process. As appropriate, strategic planning workshops and detailed briefings on the proposed Operating and Capital Program Budgets are held with the Board.

In January, the budget staff reviews financial results of the first six months of the then-current fiscal year. In February and March departments submit budget requests reflecting operating needs and programs to achieve the Airport Authority's strategies and initiatives. Personnel, contractual services, utilities, maintenance, supplies and materials, business development, employee support, fixed assets (property, plant and equipment) and capital projects are proposed and reviewed. Meetings are held with each division to review their budget requests and weigh the cost/benefit impact, where appropriate.

To ensure that the budget is funded adequately and to maintain the Airport Authority's strong financial condition, the Financial Management team prepares a revenue budget that incorporates budget expenditure requests into the rate setting formula to determine projected rates, fees and charges to the airlines and other tenants.

In April to June, proposed operational and capital program budgets are distributed to the Airport Authority Board and a budget workshop is held to review the budgets for input and guidance. The Board adopts the budget as a whole, and it may be amended as required, with Board approval, at any time during the year.

Executive Summary

Calendar Period	Action
<p>October – February</p>	<p>Review, update and formulate Authority strategies, goals and initiatives.</p> <p>Strategic Budget Workshops held with the Board, as appropriate.</p> <p>Cross-functional meetings to balance divisional operating requirements with strategies, goals and initiatives.</p>
<p>February – March</p>	<p>Departments draft objectives consistent with overall Authority strategies, goals and initiatives.</p> <p>Divisions update operating and capital budget plans and needs.</p> <p>Finance and Asset Management reviews prior year's conceptual budget and prepares initial version of revenue budget and subsequent year's conceptual revenue budget.</p> <p>Departments develop and submit budget.</p> <p>Financial Management staff consolidates results and evaluates major variances between the approved conceptual budget and the preliminary budget proposal.</p> <p>Budget meetings with divisions and CFO to review and discuss staffing and expense requests.</p> <p>Proposed staffing levels and proposed expenditures are reviewed and evaluated, and changes are made to requests in formulating the budget.</p>
<p>March – April</p>	<p>Budget meetings with President/CEO to review and discuss staffing and expense requests.</p> <p>Analysis prepared showing the major variance from the last adopted budget and approved conceptual budget to the preliminary budget proposal.</p>
<p>April – June</p>	<p>Final draft of the budget, and subsequent year's conceptual budget, is reviewed with CEO.</p> <p>Meeting held with airlines to present operating and capital budgets and resulting proposed airline rates and charges.</p> <p>Proposed operational and capital program budgets are distributed to Authority Board for review and direction.</p> <p>Budget workshop held with the Authority Board to review proposed budgets and provide input and guidance.</p> <p>Formal budget document is submitted to Authority Board for adoption.</p> <p>Formal budget is adopted and subsequent year conceptual budget is approved by the Authority Board.</p>

Figure 3 – SDCRAA Budget Calendar

Executive Summary

Financial Plan

The financial plan, which includes the FY 2019 Budget and the FY 2020 Conceptual Budget, is influenced by several factors. Primarily, the San Diego County Regional Airport Authority Act, which is the Airport Authority's enabling legislation, and costs associated with near-term improvements at SAN. Other major factors affecting the Airport Authority's financial planning include the airline operating agreement, master and subordinate bond indentures, Memorandum of Understanding with the California Attorney General and various levels of federal funding.

The Airport Authority derives its operating revenue from two sources: 1) Airline revenue – landing fees, terminal facility related charges, Common Use System Support (CUSS) charges and security fees paid by the airlines using SAN. The airline agreement, discussed later in this narrative section, provides the rate-setting formula by which airlines pay for the facilities and services they use; and 2) Non-airline revenue – terminal concessions, parking, rental car license fees, ground rentals, etc. Non-airline operating revenue budgeted numbers were derived by analyzing the current agreements, recent trends, projected future events, enplanements growth and historic revenue patterns. Non-operating revenue of the Airport Authority is comprised of interest income, Passenger Facility Charges (PFCs), Customer Facility Charges (CFCs), Build America Bonds (BAB) interest rebate and grant reimbursements.

The Airport Authority's debt management policy was developed to ensure compliance with the master and subordinate bond indentures, which dictate the terms of the Airport Authority's outstanding debt and establishes various reserves, as described in the Fund Balance and debt service sections of the budget book. Funding of the required reserve balances affects the fund equity portion of the budget and rate-setting process.

Detailed descriptions are provided in the section titled ***Overview of Financial Policies and Guidelines***.

Executive Summary

Budget Summary

The following table summarizes the forecasted revenue and expenses of the FY 2019 Budget and FY 2020 Conceptual Budget before depreciation, bond principal repayment and capital equipment outlays.

<i>(in thousands)</i>	FY 2017 Actuals	FY 2018 Budget	FY 2019 Budget	Inc / (Dec) FY19 Budget vs FY18 Budget	% Change	FY 2020 Conceptual Budget	Inc / (Dec) FY20 Conceptual vs FY19 Budget	% Change
Operating Revenue								
Airline Revenue								
Landing Fees	\$ 24,612	\$ 27,713	\$ 27,607	(106)	-0.4%	\$ 30,274	\$ 2,667	9.7%
Aircraft Parking Fees	2,927	3,019	3,223	204	6.7%	3,521	298	9.2%
Building Rentals	56,575	59,008	70,764	11,756	19.9%	77,858	7,094	10.0%
Common Use System Support Charges	1,182	1,401	1,378	(23)	-1.6%	1,382	3	0.2%
Other Aviation Revenue	1,617	195	182	(13)	-6.7%	184	2	1.0%
Security Surcharge	29,468	32,916	35,025	2,109	6.4%	37,244	2,219	6.3%
Total Airline Revenue	116,381	124,253	138,180	13,927	11.2%	150,463	12,283	8.9%
Non-Airline Revenue								
Terminal Rent Non-Airline	1,556	1,585	2,133	548	34.6%	2,138	5	0.2%
Terminal Concessions	26,146	25,702	27,935	2,233	8.7%	28,713	777	2.8%
Rental Car License Fees	30,162	30,082	30,651	569	1.9%	30,997	347	1.1%
License Fees - Other	4,948	4,786	5,821	1,036	21.6%	5,938	116	2.0%
Parking Revenue	41,355	40,601	45,956	5,355	13.2%	43,297	(2,659)	-5.8%
Ground Transportation Permits and Citations	8,052	7,377	14,937	7,560	102.5%	15,385	448	3.0%
Ground Rentals	18,497	19,805	19,982	177	0.9%	20,766	784	3.9%
Grant Reimbursements	292	-	517	517	0.0%	307	(210)	-40.6%
Other Operating Revenue	1,457	773	770	(4)	-0.5%	770	-	0.0%
Total Non-Airline Revenue	132,465	130,711	148,703	17,992	13.8%	148,312	(391)	-0.3%
Total Operating Revenue	248,847	254,963	286,882	31,919	12.5%	298,775	11,892	4.1%
Operating Expenses								
Personnel Costs	46,874	47,920	49,241	1,321	2.8%	51,905	2,663	5.4%
Contractual Services	44,330	46,994	49,764	2,770	5.9%	49,424	(339)	-0.7%
Safety and Security	28,422	31,065	33,144	2,079	6.7%	34,383	1,240	3.7%
Space Rental	10,190	10,191	10,191	-	0.0%	10,191	-	0.0%
Utilities	10,736	12,250	13,357	1,106	9.0%	13,834	477	3.6%
Maintenance	14,270	15,352	13,788	(1,564)	-10.2%	14,771	983	7.1%
Operating Equipment & Systems	513	368	353	(16)	-4.3%	351	(2)	-0.5%
Operating Supplies	611	475	542	68	14.3%	549	7	1.2%
Insurance	956	1,203	1,248	45	3.7%	1,312	64	5.1%
Employee Development	1,353	1,318	1,160	(158)	-12.0%	1,164	4	0.4%
Business Development	2,341	3,745	3,045	(700)	-18.7%	3,038	(7)	-0.2%
Equipment Rentals and Repairs	2,533	2,666	3,364	698	26.2%	3,630	266	7.9%
Tenant Improvements	598	860	800	(60)	-7.0%	824	24	3.0%
Total Operating Expenses before Depreciation & Amortization	163,726	174,406	179,996	5,590	3.2%	185,376	5,380	3.0%
Income from Operations before Depreciation & Amortization	85,121	80,557	106,886	26,329	32.7%	113,398	6,512	6.1%
Non-Operating Revenue/(Expenses)								
Passenger Facility Charges	42,200	42,304	46,627	4,323	10.2%	47,560	933	2.0%
Customer Facility Charges	36,528	40,009	40,204	196	0.5%	41,017	813	2.0%
Quieter Home Program (Net) and Joint Studies	(785)	(3,648)	(3,095)	553	-15.1%	(3,029)	66	-2.1%
BAB Interest Rebate	4,651	4,656	4,631	(25)	-0.5%	4,631	(0)	0.0%
Interest Income	8,134	8,783	14,006	5,223	59.5%	20,931	6,925	49.4%
Interest Expense	(62,332)	(82,286)	(79,717)	2,570	-3.1%	(88,281)	(8,564)	10.7%
Bond Amortization Costs	4,154	4,059	5,682	1,623	40.0%	5,521	(161)	-2.8%
Other Non Operating Revenue/(Expense)	(17,121)	(10)	(10)	-	0.0%	(10)	-	0.0%
Total Other Non-Operating Revenue, Net	15,428	13,866	28,329	14,462	104.3%	28,341	12	0.0%
Income before Capital Grant Contributions	100,550	94,424	135,215	40,792	43.2%	141,739	6,524	4.8%
Capital Grant Contributions	1,904	11,700	8,149	(3,551)	-30.4%	3,729	(4,420)	-54.2%
Net Income before Depreciation, Principal & Capital Outlay	\$ 102,454	\$ 106,124	\$ 143,364	37,241	35.1%	\$ 145,468	2,104	1.5%

Executive Summary

Total Operating revenues for FY 2019 are budgeted at \$286.9 million, an increase of \$31.9 million (12.5%) over the FY 2018 Budget. This revenue reflects two sources: 1) Airline revenue of \$138.2 million; and 2) Non-Airline revenue of \$148.7 million. Airline revenue is derived primarily from landing fees, aircraft parking fees, terminal rents, common use system support charges and security related fees. Non-Airline revenue is comprised of public parking & ground transportation fees, terminal and other concessions, rental car fees, ground rents and other operating revenues. FY 2020 Operating revenues are budgeted at \$298.8 million, an increase of \$11.9 million (4.1%), of which \$150.5 million represents Airline revenue and \$148.3 million is from Non-Airline revenue.

Total FY 2019 Airline revenue includes an increase of \$13.9 million (11.2%), as compared to the FY 2018 Budget. This result is mostly driven by higher building rentals of \$11.8 million (19.9%), mainly reflects higher operating and maintenance expenses for terminal facilities and an increase in debt service for new terminal projects funded by the 2017 bond issuance. Security surcharge is expected to increase by \$2.1 million (6.4%) over the FY 2018 Budget. The FY 2019 terminal rental rate of \$178.18 per square foot, versus \$161.01 per square foot in the FY 2018 Budget, mainly reflects higher operating and maintenance expenses for terminal facilities and an increase in debt service for new terminal projects funded by the 2017 bond issuance.

Total FY 2020 Airline revenue is budgeted to increase by \$12.2 million (8.9%) compared to FY 2019 mainly for increased building rental fees, landing fees and security surcharge costs.

Total FY 2019 Non-Airline revenue projects a net increase of \$18.0 million (13.8%) from the FY 2018 Budget. This is primarily driven by: 1) an increase in terminal concessions revenue of \$2.2 million, primarily due to increased passenger traffic and stronger gross sales per enplaned passenger (SEP); 2) an increase of \$5.4 million in parking revenue due to higher enplanements and a full year of the Terminal 2 Parking Plaza which is partially offset by the decrease of parking spaces due to the closure of the Economy lot; and 3) an increase of \$7.6 million in ground transportation permits and citations revenue due to an increase in the collection of Transportation Network Company (TNC) trips for pickups and drop offs and an increase in the number of other Ground Transportation operations.

Total FY 2020 Non-Airline revenue is budgeted to decrease by \$0.4 million (-0.3%) compared to FY 2019. This decrease reflects several factors including: 1) an decrease in parking revenue of \$2.7 million primarily reflecting decreased long-term spaces from the closure of Harbor Drive Lot; 2) an increase of \$0.8 million in ground rentals revenue due to the planned opening of the new Northside Cargo Facility and Airline Support Facility; and 3) an increase of \$0.7 million in terminal concessions revenue due to increased enplanements.

The divisional and departmental operating expense budgets of \$180.0 million, which address the Airport Authority's overall strategies, initiatives and mandated obligations, reflect an increase of \$5.6 million (3.2%) in the FY 2019 operating expense budget from the FY 2018 Budget. FY 2020 operating expenses are projected to increase by \$5.4 million (3.0%) over the FY 2019 Budget.

The FY 2019 Operating Expense increase of \$5.6 million (3.2%) is driven by a variety of factors. Salaries and Wages, including overtime, are projected to increase by \$1.6 million (4.4%) over the FY 2018 Budget, reflecting a net increase of five (5) positions, wage and salary increases required under union contract agreements and pay-for-performance increases for non-union employees. Together with higher capitalized labor expenses, personnel expenses resulted in a net increase of \$1.3 million (2.8%) in the FY 2019 Budget over the FY 2018 Budget for personnel expenses.

Executive Summary

In FY 2019, Contractual Services are budgeted to have a net increase of \$2.8 million (5.9%) from the FY 2018 Budget reflecting an increase in shuttle operations and janitorial services. FY 2019 security costs are projected to increase by \$2.1 million (6.7%) over the FY 2018 Budget, reflecting an increase in Port District Harbor Police Department law enforcement, Customs and Border Protection, Aircraft Rescue and Firefighting, and guard services.

FY 2019 Business Development expenses are projected to decrease by \$0.7 million (-18.7%) from the FY 2018 Budget, mainly due to a decrease in expectations for sponsorship and marketing activity expenses.

FY 2020 Operating Expenses are budgeted to increase by \$5.4 million (3.0%); these increases reflect a net increase of five (5) positions, wage and salary increases required under union contract agreements and pay-for-performance increases for non-union employees. In addition, these increases are driven by contractual services costs and safety and security costs.

FY 2019 Non-Operating revenue/(expense) is projected to increase by \$14.5 million (104.3%) from the FY 2018 Budget, primarily reflecting increases in interest income of \$5.2 million (59.5%), PFCs of \$4.3 million (10.2%), bond amortization costs of \$1.6 million and a decrease in interest expense of \$2.6 million due to issuing the 2017 bonds at a lower interest rate than budgeted.

FY 2020 Non-Operating revenue/(expense) is budgeted to remain approximately flat versus the FY 2019 Budget.

Capital Grant Contributions are FAA grant awards from the federal Airport Improvement Program (AIP) that provides funding for certain approved capital improvement projects. FY 2019 Capital Grant Contributions increased by \$20.4 million (1507.4%), primarily due to the expected progress of grant eligible projects – rehabilitation of Runway 9-27 pavement, cross taxiways and replacement of baggage screening equipment. FY 2020 Capital Grant Contributions are budgeted to decrease by \$8.4 million (-38.7%) due to expected grant eligible project close-outs and an additional grant eligible project – rehabilitation of the Terminal 2 apron.

Projected Fund Balance

The Airport Authority Fund Balance is generally defined as the difference between its assets and liabilities. The Airport Authority's fund balance statement projects that FY 2019 cash and investments will decrease by \$53.0 million to \$701.1 million versus the FY 2018 Projected of \$754.5 million. This decrease of (-7.1%) from the FY 2018 Projected is mostly due to decrease in bond proceeds. FY 2020 cash and investments are projected to increase by \$130.5 million (18.6%) to \$831.6 million, mainly reflecting increase in revenues and planned bond proceeds.

Capital Program

The Airport Authority maintains a five-year Capital Program that is intended to address critical improvements and asset preservation of SAN. The Airport Authority's current Capital Program includes projects started prior to FY 2019, as well as new projects to be undertaken at SAN between FY 2019 and FY 2023 at an estimated total cost of approximately \$1.10 billion.

Executive Summary

Potential capital projects are developed and evaluated based on both their compatibility with short-term and long-range planning, as well as their consistency with the following justification criteria:

- Safety
- Security
- Regulatory
- Capacity
- Customer Service
- Cost Containment
- Revenue Enhancement

Anticipated funding sources for the projects in the Capital Program include AIP and Transportation Security Administration (TSA) grants, PFCs, CFCs (including CFC-backed Special Facility Bonds), airport cash, airport revenue bonds and a short-term variable-rate commercial loan.

Sources of Funds

In thousands

Airport Revenue Bonds	\$ 640,831
Airport Cash	198,694
Passenger Facility Charges	67,535
Federal Grants	86,153
Customer Facility Charges	13,949
Special Facility Bonds	8,011
Other	88,069
Total Sources of Funds	<u>\$ 1,103,241</u>

Uses of Funds

In thousands

FY 2018 – 2022 Carryover	\$ 1,044,287
FY 2019 – 2023 New Projects & Adjustments	58,954
Total Use of Funds	<u>\$ 1,103,241</u>

Projected FY 2019 Capital Program expenditures total \$295.2 million, and projected FY 2020 expenditures are \$199.9 million. Further discussion of these expenditures along with detailed descriptions can be found in the section titled **Capital Program**.

Airport Development Program

The Airport Development Plan is the Airport Authority's master planning effort to determine the facilities needed at San Diego International Airport to meet the region's air travel demand through 2035. One of the major components of the ADP is the replacement of the 50-year-old Terminal 1 with an attractive, modern and more efficient terminal. The ADP will also include other airfield enhancements and major improvements to

Executive Summary

roadways serving the airport. The ADP will optimize the airport site to accommodate demand while maintaining high levels of passenger satisfaction.

The ADP is currently in the environmental review phase. The California Environmental Quality Act (CEQA) requires agencies to complete a comprehensive study of all impacts to the environment associated with projects like the ADP. The estimated cost for this project will not exceed \$3 billion. The Airport Authority is evaluating a variety of funding structures to finance construction that will be reflected in future years' budget once the ADP is environmentally certified and the project is approved.

Airline Operating Agreement

The current five-year airline operating agreement expired on June 30, 2018 and is in hold-over status as a new agreement is being negotiated. The operating agreement establishes how the signatory airlines will be assessed annual rates and charges for their use of the Airport. The Airport Authority currently recovers substantially all of its airfield costs through the landing fees and other aviation charges assessed to the airlines. Landing fees are charged to passenger and cargo carriers for each aircraft landing based on the aircraft's maximum gross landed weight. The FY 2019 landing rate is \$1.98 per thousand pounds. The Airport Authority encourages carriers to efficiently use existing aircraft parking positions, both at the terminal gates and remotely. The aircraft parking fee is projected to recover approximately 10.9% of airfield costs in FY 2019 and in FY 2020.

Terminal rental revenues reflect the airline use and lease agreement's methodology for recovery of terminal building costs allocated to airline occupied facilities. The FY 2019 terminal rental rate of \$178.18 per square foot reflects the fully loaded cost to the airlines. In addition, the FY 2019 Budget includes a CUSS charge relating to a common use terminal equipment system allowing the airlines to operate out of any gate or ticket counter in Terminal 2. The following table sets forth historical and projected landing fees, aircraft parking rates per position, terminal rental rates and costs per enplaned passenger for FY 2017 through FY 2020:

	FY 2017 Actual	FY 2018 Budget	FY 2019 Budget	FY 2020 Conceptual Budget
Landing Fee ¹	\$1.97	\$2.18	\$1.98	\$2.12
Aircraft Parking per Position ²	\$58,153	\$60,388	\$60,814	\$66,431
Terminal Rental Rate ³	\$151.18	\$161.01	\$178.18	\$192.40
Airline Cost / Enplaned Passenger	\$10.71	\$11.45	\$11.57	\$12.34

¹ Landing Fees are per 1,000 lbs maximum gross landed weight

² Annual rate per parking position assigned to an air carrier

³ Per square foot, excluding janitorial credit

Figure 4 – Airline Rates, Fee and Charges

The agreement has no provisions that grant the airlines direct approval rights over capital projects. The Airport Authority's Use and Lease Agreement allows for flexibility to meet the demands of changing airline activity and to accommodate new entrant carriers. Terms of a new agreement must financially support the execution of the ADP in order for it to be implemented.

Executive Summary

Outstanding Debt

As of July 1, 2019, the Airport Authority's outstanding long-term debt will consist of \$813.4 million of subordinate airport revenue bonds (Series 2010 Bonds and Series 2017), \$371.1 million of senior airport revenue bonds (Series 2013 Bonds) and \$299.7 million of senior special facility revenue bonds. The Airport Authority does not have a legal debt limit. The master bond indenture requires the Airport Authority to establish certain reserves and to maintain net revenues (after the payment of operation and maintenance expenses) equal to at least 1.25x annual senior lien debt service and subordinate net revenues at 1.10x annual subordinate lien debt service. The Board approved debt policy calls for minimum senior lien debt service coverage of 1.75x and aggregate debt service coverage (senior and subordinate) of 1.50x.

Further discussion of the Airport Authority's debt can be found in the Debt Service section of this document. Debt service coverage (generally consisting of operating revenue less operating expenses divided by principal and interest requirements for the fiscal year) is displayed in *Figure 5*. For FY 2019, debt service coverage on aggregate debt is projected to be 2.45x and 2.40x for FY 2020. The Airport Authority's outstanding variable rate debt will consist of \$14.8 million of Series B (Alternative Minimum Tax (AMT)) and \$5.4 million of Series C revolving line of credit as of July 1, 2018. The authorized variable debt consists of the revolving line of credit which provides for borrowings up to \$125.0 million and the revolving draw down bonds which provide for borrowings up to \$100.0 million. The revolving line of credit and revolving draw down bonds are secured by a pledge of net airport revenues, subordinated to the payment of the Series 2013 Bonds, but on parity with the Series 2010 and 2017 Bonds. The Revolving Credit Agreements require that charges for services be set each year at rates sufficient to produce Pledged Revenues of at least 1.10x debt service on subordinate obligations for that year.

The following table shows debt service coverage on aggregate, senior and subordinate lien debt. The subordinate lien debt includes Series 2010 and 2017 Bonds and the revolving line of credit.

	FY 2017 Actual	FY 2018 Budget	FY 2019 Budget	FY 2020 Conceptual Budget
Aggregate Debt Service Coverage (x)	3.06	1.95	2.45	2.40
Senior Lien Debt Service Coverage (x)	9.23	8.79	11.57	6.78
Subordinate Lien Debt Service Coverage (x)	4.09	2.23	2.84	3.32

Figure 5 – Debt Service Coverage

Executive Summary

Thirteenth Consecutive Award of the GFOA Distinguished Budget Presentation Award

The Airport Authority received its thirteenth consecutive Distinguished Budget Presentation Award from the Government Finance Officers Association (GFOA) for its annual budget for the fiscal year beginning July 1, 2017. The GFOA established the Distinguished Budget Presentation Awards Program (Budget Awards Program) in 1984 to encourage and assist state and local governments to prepare budget documents of the very highest quality that reflect both the guidelines established by the National Advisory Council on State and Local Budgeting and the GFOA's best practices on budgeting and then to recognize individual governments that succeed in achieving that goal.

In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communications device.

This award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.



AIRPORT AUTHORITY OVERVIEW



19
28

FANTASTIC FLYOVER

SAN DIEGO MUNICIPAL AIRPORT AT LINDBERGH FIELD OPENED FOR BUSINESS ON 125 ACRES WITH A GRANITE RUNWAY 2,500 FEET LONG AND 500 FEET WIDE. THE AUGUST 16, 1928, DEDICATION FEATURED A 222-PLANE FLYOVER.

Airport Authority Overview

Board of Directors

C. April Boling, Board Chair

Paul Robinson, Vice Chair

Greg Cox

Jim Desmond

Mark Kersey

Robert T. Lloyd

Johanna Schiavoni

Michael Schumacher

Mark B. West

Ex-Officio Members

Cory Binns

Jacqueline Wong-Hernandez

Col. Charles B. Dockery

Airport Authority Overview

Executive Management Team

Kimberly J. Becker

PRESIDENT / CHIEF EXECUTIVE OFFICER

Scott M. Brickner

VICE PRESIDENT / CHIEF FINANCIAL OFFICER

Finance Division

Amy Gonzalez

GENERAL COUNSEL

Angela Shafer-Payne

VICE PRESIDENT / CHIEF OPERATIONS OFFICER

Operations Division

Lee Parravano

CHIEF AUDITOR

Dennis Probst

VICE PRESIDENT / CHIEF DEVELOPMENT OFFICER

Development Division

Airport Authority Overview

Director Staff

Rick Belliotti

DIRECTOR

Innovation & Business Development

Jessica Bishop

DIRECTOR

Information & Technology Services

Bob Bolton

DIRECTOR

Airport Design & Construction

Hampton Brown

SENIOR DIRECTOR

Marketing, Arts & Air Service Development

John Dillon

DIRECTOR

Finance & Risk Management

Kurt Gering

DIRECTOR

Talent, Culture & Capability

Matt Harris

SENIOR DIRECTOR

Strategy & Policy

Kathy Kiefer

SENIOR DIRECTOR

Finance, Accounting & Airline Relations

Mike Kulis

DIRECTOR

Inter-Governmental Relations

David LaGuardia

DIRECTOR

Facilities Management

Diana Lucero

DIRECTOR

Media & Public Relations

Marc Nichols

DIRECTOR

Ground Transportation

Jeff Rasor

DIRECTOR

Airside & Terminal Operations

Brendan Reed

DIRECTOR

Planning & Environmental Affairs

Tony Russell

DIRECTOR / AUTHORITY CLERK

Board Services

Jana Vargas

DIRECTOR

Procurement

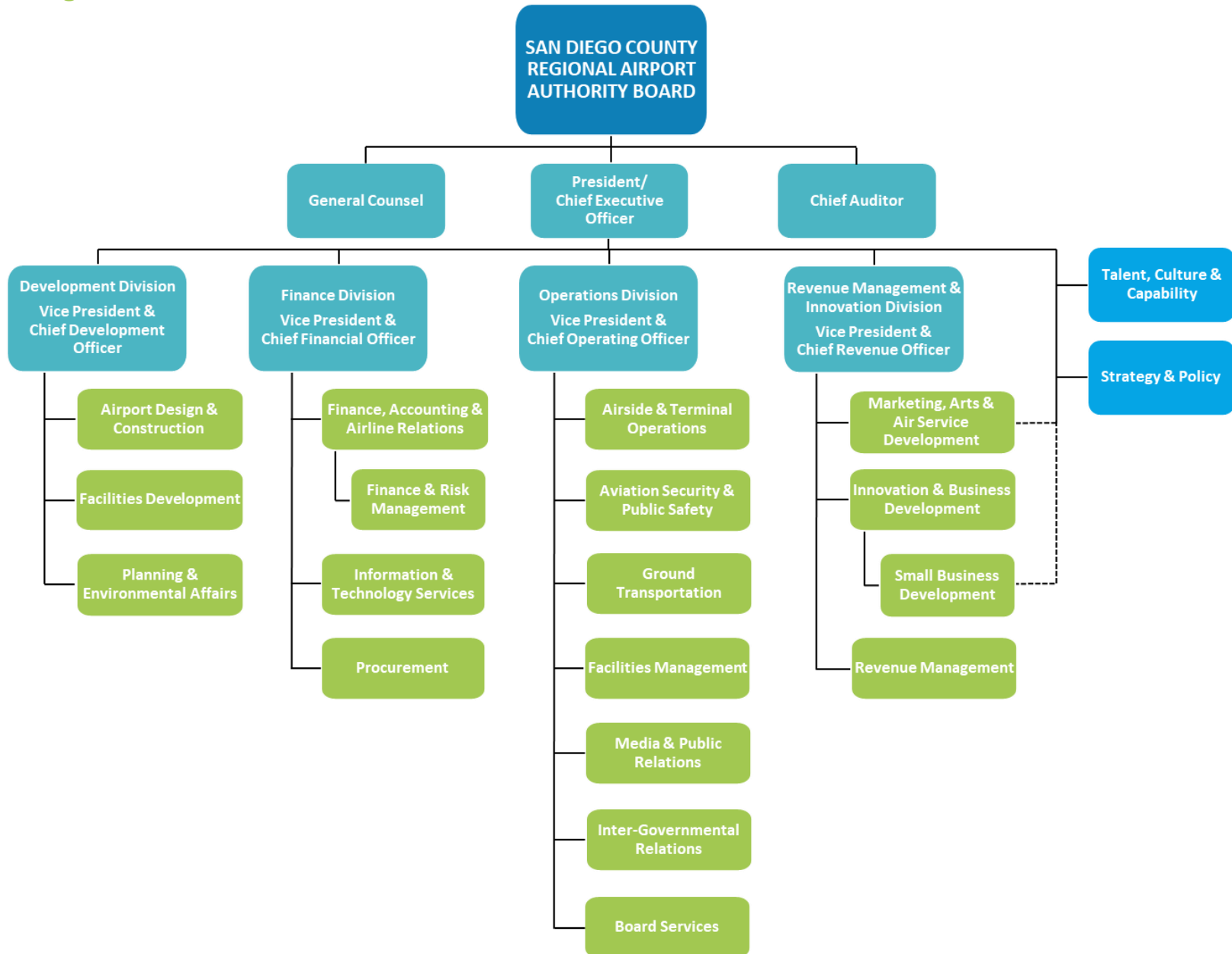
Clint Welch

DIRECTOR

Aviation Security & Public Safety

Airport Authority Overview

SDCRAA Organizational Structure



Airport Authority Overview

Organizational Strategies and Initiatives

During FY 2018, the Airport Authority developed a new five-year strategic plan that reaffirmed its strategies and set out a series of multi-year initiatives associated with each. The five strategies are the guiding principles used for the allocation of scarce and restricted resources to SAN programs as part of the annual budget process.



Community

Enhance community understanding of SAN as an economic engine and portal for prosperity.



Financial

Execute a Plan of Finance that provides the financial resources necessary to achieve the FY 2022 Future State while maintaining the enterprise's strong financial position.



Customer

Exceed our customers' expectations by introducing innovative service and facility enhancements.



Operations

Grow and efficiently manage capacity for future demand, both landside and airside, including international facilities.



Employee

Develop leaders and a workforce aligned to the needs of our Strategic Plan and an inclusive environment that reflects the diversity of our community.

Organizational Initiatives

Guided by the strategies and goals outlined in the five-year plan, the Airport Authority aims to sustain its leadership position as a business-driven, passenger-centered, community-minded enterprise. It will do so by aligning leadership and staff in our commitment to build an enduring and resilient customer-focused enterprise. This will be achieved by effectively managing our financial, social, and environmental risks, obligations and opportunities. In our second year of the plan, five initiatives have the highest priority and have shaped the FY19 and FY20 Conceptual Budgets. These include, but are not limited to:

1. Advancing the ADP
2. Executing the Airport Support Facilities (ASF) within our Capital Program
3. Developing flexible, agile staffing plans to meet the needs of the ADP
4. Innovating to meet customer needs
5. Manage ongoing business effectively through change.

These multi-year initiatives that integrate and align multiple strategic initiatives in the plan offer a unifying message that supports staff alignment and focus. These have guided each department's planning efforts, proposed actions and espoused goals. In addition, departments are laying the groundwork for the additional initiatives contained in the five-year plan that are key to continued success in subsequent years.

This page intentionally left blank.

OVERVIEW OF FINANCIAL POLICIES & GUIDELINES



19
34

INTERNATIONAL STATUS

SAN DIEGO MUNICIPAL AIRPORT WAS MADE A PERMANENT INTERNATIONAL AIRPORT OF ENTRY BY THE U.S. TREASURY DEPARTMENT, ESTABLISHING THE AIRPORT AS SAN DIEGO INTERNATIONAL AIRPORT (SAN).

Financial Policies and Guidelines

Overview

The Airport Authority operates as an Enterprise Fund and prepares its budget on the accrual basis of accounting. The Airport Authority's annual audited financial statements are also prepared on the accrual basis. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The Airport Authority has one fund with many revenue sources and operates as a separate and independent, local government entity.

The Airport Authority's budget process actively incorporates various financial policies and guidelines articulated by the Board and Executive Staff. The budget process and final outcome is performance-based and focused on strategies, initiatives and key operating and financial indicators. The adopted budget gives the Airport Authority the legal basis for which to expend funds. The operating and capital budgets are discrete documents; however, there are certain expenses within the operating budget that support the capital budget. The incremental effect on the operating budget of capital projects is projected and taken into consideration when the operating budget and forecasts are developed.

All Airport Authority codes and policies can be accessed on the Airport Authority website at:

[http://www.san.org/Airport-Airport Authority/Codes-Policies](http://www.san.org/Airport-Airport%20Authority/Codes-Policies)

Balanced Budget: The Airport Authority will prepare a budget on an annual basis. The Airport Authority's definition of a balanced budget is one in which revenues and other sources of funds equal or exceed expenditures and other uses of funds. A balanced budget is an integral part of maintaining the Airport Authority's financial position. Strategies employed to attain this balance include cost reductions, personnel and service efficiencies, developing and diversifying non-airline revenues and increasing fees to match program expenses.

Revenue: The Airport Authority will seek to maintain a diversified revenue stream with the goal of keeping airline rates and charges as reasonable as possible. The Airport Authority will establish, fix, prescribe and collect rates, fees, rentals and charges in connection with the Airport System so that during each fiscal year net revenues (generally defined as operating revenue less operating expenses) equal at least 125% of aggregate annual debt service on outstanding bonds.

Interim Financial Reporting: The Airport Authority has established, and will continue to maintain, a standard of generally accepted accounting practices. The Airport Authority Board receives quarterly reports comparing actual versus budgeted revenue and expense activity.

Debt Management: Debt enables the funding for the Airport Authority to build projects that will subsequently be repaid from future revenues. The term "debt" is used in the policy to describe numerous types of financial obligations of the Airport Authority, which may include bonds, subordinate obligations, special facility obligations and other financings of the Airport Authority. While the issuance of debt is frequently an appropriate method of financing capital projects, prudent financial management requires careful monitoring of debt issuance to ensure there is not an excessive reliance on debt and to preserve the Airport Authority's access to borrowed capital at competitive borrowing rates, while always maintaining sufficient liquidity.

Financial Policies and Guidelines

On May 6, 2010, the Airport Authority adopted a “Debt Issuance and Management Policy” to govern the debt issuance and management policies and practices of the Airport Authority. The policy is reviewed and updated annually by the Board. The policy stipulates that the Airport Authority's debt issuance and management objectives are to:

- Manage and monitor existing debt to optimize financial structure, control costs and ensure compliance with bond financing bond covenant.
- Oversee the issuance of new debt in order to maintain access to capital markets and other sources of capital financing at a reasonable cost.
- Obtain and maintain the highest possible credit ratings on debt consistent with the overall objectives of the Airport Authority.
- Explore and implement prudent debt structuring ideas when consistent with the debt issuance and management goals described in the policy.
- Provide the required secondary market disclosure to the rating agencies, institutional and retail investors via appropriate repositories.
- Comply with all federal and state laws and regulations, as well as bond indenture, tax compliance and reimbursement agreement covenants.
- Protect the assets and funds entrusted to the Airport Authority.

The Airport Authority reviews its outstanding debt, at least annually, for the purpose of determining refinancing or restructuring opportunities, commensurate with applicable tax laws, to lessen its debt service costs. In order to consider refunding of an issue for economic purposes, a present value analysis must be prepared and minimum threshold for savings must be met. The Airport Authority will only issue long-term debt if it meets the required covenants of the outstanding bond indenture including the additional bonds test and reserve requirements.

When the Airport Authority finances capital projects by issuing long-term debt, it will pay back the bonds within a period not to exceed the estimated useful life of the project. The Airport Authority will not use long-term debt for current operations. The Airport Authority will maintain good communications with the bond rating agencies regarding its financial condition and will follow a policy of full disclosure in every financial report and offering prospectus. For Senior Lien Airport Revenue Bonds, it will strive to maintain ratings from at least two of the leading rating agencies and at a minimum seeks to maintain a rating in the highest category of “A” (e.g. A1 and A+).

On September 6, 2007, the Airport Authority adopted a “Policy Regarding the Use and Management of Derivative Products.” A derivative is a financial instrument created from or whose value depends upon (is derived from) the value of one or more separate assets or indices of asset values. Derivative products can be an important interest rate management tool that, when used properly, can increase the Airport Authority's financial flexibility, provide opportunities for interest rate savings, alter the pattern of debt service payments, create variable rate exposure, change variable rate payments to fixed rate and otherwise limit or hedge variable rate payments.

This Derivatives Policy was constructed by Airport Authority staff and its financial advisor after obtaining and evaluating the policies of more than 25 major issuers, including airports and counties throughout the country. In addition, sources such as the Government Finance Officers Association, the national trade

Financial Policies and Guidelines

association for governmental entities and the credit rating agencies, who have written reports on the evaluation of credit risks associated with derivative products, were consulted.

The adopted policy provides for the following:

- Allows for the Airport Authority to use derivatives to increase its financing flexibility.
- Insures that derivatives are used appropriately and not for speculative purposes.
- Provides detailed and conservative criteria regarding qualifications of firms making swap payments (counterparties) or providing financial guarantees, including collateral requirements and exposure limits, to insure that the Airport Authority maintains maximum flexibility and security when negotiating a specific derivative agreement.
- Provides for detailed monitoring and evaluation on an ongoing basis to identify all actual and potential risks associated with outstanding and anticipated derivative agreements.
- Requires Board approval of each agreement based upon guidelines provided for in the policy.
- Enhances price transparency by requiring derivative products to be competitively bid (unless the Board approves an alternative method).
- Allows the Board the flexibility to change the policy in the future in response to market conditions, new products, or other factors.

To date, the Airport Authority has not entered into any derivative contracts associated with its current bond issues.

Liquidity/Reserves: The Airport Authority will maintain prudent unrestricted reserves as a backstop necessary to fund its obligations if unforeseen events occur. The level of unrestricted reserves will be evaluated at least annually, as part of the Airport Authority's budgeting and capital planning process.

The Airport Authority's unrestricted reserves target (defined as the sum of unrestricted cash and investments, unrestricted cash designated for capital projects, unrestricted long-term investments, the O&M Reserve, the O&M Subaccount Reserve and the Renewal and Replacement Reserve) shall be at least 500 days of budgeted operating and maintenance expenses for the current fiscal year (See Figure 48 in Performance Indicators).

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018 Projected
Unrestricted & Undesignated Cash and Available Funds	\$ 113,519	\$ 147,781	\$ 149,719	\$ 161,358	\$ 209,652	\$ 256,469	\$ 270,947
Unrestricted & Designated for Specific Capital Projects & Other Commitments	\$ 9,063	\$ 9,566	\$ 17,145	\$ 22,588	\$ 31,271	\$ 25,792	\$ 24,576
O&M and R&R Reserves	\$ 47,829	\$ 52,007	\$ 54,943	\$ 56,868	\$ 57,872	\$ 60,780	\$ 62,346
Total Unrestricted & Available Funds per Board Policy	\$ 170,411	\$ 209,354	\$ 221,807	\$ 240,814	\$ 298,795	\$ 343,041	\$ 357,869
Operating Expenses	\$ 119,169	\$ 126,796	\$ 136,821	\$ 142,933	\$ 151,519	\$ 154,748	\$ 160,215
Days Cash on Hand	522	603	592	615	720	809	815

Figure 6 – FY 2012 to FY 2018 Projected and Historical Liquidity

Financial Policies and Guidelines

Budgetary Control: The Finance Committee of the Board oversees the financial performance and condition of the Airport Authority and reviews the operating and capital budget and financial plan, and major financial policies or actions of the Airport Authority. Board policy stipulates that the Finance Committee shall meet at least quarterly each year; however, the practice has been monthly reviews of the Airport Authority's financial performance by both the Finance Committee and the full Board.

Investments: The Airport Authority invests public funds in a manner that will provide the highest level of security while meeting the daily cash needs of the Airport Authority. The investment policies and practices of the Airport Authority are based upon prudent money management precepts and conform to all state and local statutes governing the investment of public funds.

The Airport Authority's Investment policy is reviewed annually and adopted by the Board. This annual review is performed to ensure the Airport Authority Board's continued oversight and approval of the policies, rules, and performance regarding the investment of Airport Authority funds. The policy adheres to or exceeds the policies and requirements of investment types as authorized by the California Government Code §§ 16429.1 and 53600 et seq. ("Code"). In addition, the Board delegates the Airport Authority to invest and manage the funds of the Airport Authority to the Airport Authority's Treasurer. Such delegation is on a fiscal year basis and subject to renewal by the Board, at its option. The existence of an approved investment policy demonstrates that the Airport Authority Board and staff are fiducially responsible; thereby, promoting trust and confidence from the public that it serves.

Capital Program: The capital program provides for the orderly development of the Airport Authority. Each year the President/Chief Executive Officer (CEO) submits to the Airport Authority Board a development program of desirable capital improvement projects that are within the Airport Authority's financial funding capability. The President/CEO identifies each capital improvement project as to its need. Factors to be considered may include, but are not necessarily limited to public need, useful life, and return on investment, maintenance and operating costs, construction costs, possible alternatives and sources of funding.

OVERVIEW OF PROJECTED FUND BALANCE



19
44

RUNWAY UNDER WAY

PROGRESS ON THE CONSTRUCTION
OF THE AIRPORT'S RUNWAY.

Overview of Projected Fund Balance

The Airport Authority Fund Balance is generally defined as the difference between its assets and liabilities. The Airport Authority's fund balance statement projects that FY 2019 cash and investments will decrease by \$53.0M to \$701.1M versus the FY 2018 Projected of \$754.5M. This decrease of (-7.1%) from the FY 2018 Projected is mostly due to decrease in bond proceeds. FY 2020 cash and investments are projected to increase by \$130.5M (18.6%) to \$831.6M, mainly reflecting increase in revenues and planned bond proceeds.

<i>(in thousands)</i>	FY 2017 Actuals	FY 2018 Budget	FY 2018 Projected	FY 2019 Budget	FY 2020 Conceptual Budget
Beginning Fund Balance:	\$ 593,295	\$ 604,753	\$ 620,178	\$ 754,498	\$ 701,074
Source of Funds					
Operating Revenue:					
Receipts from customers	249,572	254,963	263,639	286,882	298,775
Total Operating Revenue	249,572	254,963	263,639	286,882	298,775
Non-Operating Revenue & Other Financing:					
Federal Grants received (excluding Quieter Home Program)	6,173	11,700	14,088	8,149	3,729
Passenger Facility Charges Receipts	40,542	42,304	45,624	46,627	47,560
Customer Facility Charges Receipts	35,779	40,009	40,124	40,204	41,017
Revolving line of Credit Proceeds	32,200	-	-	88,890	-
Bond Proceeds	-	344,484	337,718	-	343,828
Principal Payments received on Notes Receivable	1,705	1,802	1,802	1,903	1,903
Interest Received from Notes Receivable & Investments	7,726	8,782	12,087	14,006	20,931
Passenger Facility Charges (PFC) transfer to debt service fund	(29,822)	(30,005)	(30,005)	(30,005)	(30,005)
Customer Facility Charges (CFC) transfer to CFC debt service fund	(16,341)	(23,563)	(23,817)	(23,816)	(23,815)
Other Funding Sources	44	4,000	4,037	43,238	30,761
BAB Interest Rebate	4,651	4,656	4,631	4,631	4,631
Total Non-Operating Revenue	82,657	404,169	381,287	193,828	440,541
Total Revenues	332,229	659,132	644,927	480,711	739,315
Use of Funds					
Operating Expenses:					
Payments to Suppliers & Employees	(171,567)	(167,296)	(162,147)	(172,246)	(178,192)
Total Operating Expenses	(171,567)	(167,296)	(162,147)	(172,246)	(178,192)
Non-Operating Expenses:					
Capital Expenditures	(21,347)	(110,556)	(53,241)	(95,544)	(52,812)
Capital Expenditures Financed from Bond Proceeds	(11,317)	(276,705)	(232,950)	(60,874)	(272,213)
Capital Expenditures Financed from Special Facility Bonds	(13,546)	-	(38)	-	-
Capital Expenditures Financed from Revolving Line of Credit	(32,200)	-	-	(88,000)	-
Bonds proceeds used to redeem revolving line of credit	-	(37,352)	-	-	-
Quieter Home Program, net and Joint Studies	(785)	(3,648)	(2,320)	(3,095)	(3,095)
Customer Facility Charges (CFC) Expenditures	(12,978)	(25,201)	(11,195)	(10,032)	(25,520)
Customer Facility Charges (CFC) transfer to CFC debt service fund	16,341	23,563	23,817	23,816	23,815
Passenger Facility Charges (PFC) Expenditures (excluding QHP)	(1,392)	(49,660)	(8,000)	(44,192)	(9,009)
Passenger Facility Charges (PFC) transfer to debt service fund	29,822	30,005	30,005	30,005	30,005
Principal on Bonds and Variable rate debt paid	(17,214)	(20,660)	(17,718)	(26,240)	(29,149)
Interest and Debt Fees Paid (excl PFC funding)	(66,798)	(79,350)	(72,113)	(81,931)	(80,154)
Capitalized Interest Special Facility Bonds Payment	-	-	-	-	-
Other Miscellaneous Payments	-	(10)	-	(10)	(10)
CFC Revenues used to Fund R&R Reserve	-	(1,896)	-	-	-
Payment of capital lease	(275)	(877)	(912)	(877)	(877)
Total Non-Operating Expenses	(133,779)	(556,842)	(348,460)	(361,890)	(430,584)
Total Expenses	(305,346)	(724,138)	(510,607)	(534,135)	(608,777)
Excess (Deficit) of Source over Use of Funds	26,884	(65,006)	134,320	(53,424)	130,538
Ending Fund Balance	\$ 620,178	\$ 539,747	\$ 754,498	\$ 701,074	\$ 831,612
Unrestricted Cash and Investments					
Unrestricted Cash and Investments	\$ 282,209	\$ 220,672	\$ 295,523	\$ 319,329	\$ 381,652
Total Bonds Reserves					
Total Bonds Reserves	178,334	211,054	262,359	204,786	275,053
Total Other Restricted Funds					
Total Other Restricted Funds	159,635	108,020	196,617	176,959	174,908
Ending Fund Balance	\$ 620,178	\$ 539,747	\$ 754,498	\$ 701,074	\$ 831,612

This page intentionally left blank.

FINANCIAL PROJECTIONS



19
64

PASSENGER LOADING ZONE
THE PASSENGER DROP-OFF POINT
ON PACIFIC HIGHWAY.

Financial Projections

Based on the actual results experienced by the Airport Authority during FY 2017 and the budgets for FY 2018, FY 2019 and FY 2020, the following table shows projections for FY 2021.

Achievements of these projections are dependent upon the occurrence of a variety of future events, many of which are beyond the Airport Authority's control. Therefore, variations are to be expected and may be material.

(in thousands)

	FY 2017 Actuals	FY 2018 Budget	FY 2019 Budget	FY 2020 Conceptual Budget	FY 2021 Projected
Total Airline Revenue	\$ 116,381	\$ 124,253	\$ 138,180	\$ 150,463	\$ 164,206
Total Non-Airline Revenue	132,465	130,711	148,703	148,312	149,220
Total Operating Revenue	248,847	254,963	286,882	298,775	313,426
Total Operating Expenses before Depreciation & Amortization	163,726	174,406	179,996	185,376	191,577
Income from Operations before Depreciation & Amortization	85,121	80,557	106,886	113,398	121,849
Non-Operating Revenue/(Expenses)					
Passenger Facility Charges	42,200	42,304	46,627	47,560	48,511
Customer Facility Charges	36,528	40,009	40,204	41,017	41,838
Quieter Home Program (net) and Joint Studies	(785)	(3,648)	(3,095)	(3,029)	(3,095)
BAB Interest Rebate	4,651	4,656	4,631	4,631	4,631
Interest Income	8,134	8,783	14,006	20,931	20,114
Interest Expense	(62,332)	(82,286)	(79,717)	(88,281)	(93,000)
Bond Amortization Costs	4,154	4,059	5,682	5,521	(5,400)
Other Non-Operating Income/(Expenses)	(17,121)	(10)	(10)	(10)	10
Total Other Non-Operating Revenue, Net	15,428	13,866	28,329	28,341	13,609
Income before Capital Grant Contributions	100,550	94,424	135,215	141,739	135,458
Capital Grant Contributions	1,904	11,700	8,149	3,729	10,950
Net Income before Depreciation, Principal & Capital Outlay	\$ 102,454	\$ 106,124	\$ 143,364	\$ 145,468	\$ 146,408

	FY 2017 Actual	FY 2018 Budget	FY 2019 Budget	FY 2020 Conceptual Budget	FY 2021 Projected
Landing Fee Rate	\$1.97	\$2.18	\$1.98	\$2.12	\$2.34
Terminal Rental Rate	\$151.18	\$161.01	\$178.18	\$192.40	\$211.84
Cost Per Enplanement	\$10.71	\$11.45	\$11.57	\$12.34	\$13.19
Debt Service Coverage	3.06	1.95	2.45	2.40	2.04
Enplanements *	10,596	10,707	11,801	12,037	12,278
% Increase in Enplanements	3.8% ⁽¹⁾	1.0%	10.2%	2.0%	2.0%

* in thousands

⁽¹⁾ Comparison to FY 2016 actuals

Figure 7 – FY 2017 to FY 2021 Financial Projections

This page intentionally left blank.

BUDGET OVERVIEW: REVENUE



19
68

FLYING THE FRIENDLY SKIES

PACIFIC SOUTHWEST AIRLINES (PSA) COMPLETES ITS ADMINISTRATIVE AND MAINTENANCE FACILITY AT SAN. PSA HONED A REPUTATION FOR FRIENDLY SERVICE AND FASHIONABLE FLIGHT ATTENDANTS.

Revenue Overview

FY 2019 Revenue Budget – FY 2020 Conceptual Revenue Budget

<i>(in thousands)</i>	FY 2017 Actuals	FY 2018 Budget	FY 2019 Budget	Inc / (Dec) FY 19 vs FY 18 Budget	% Change	FY 2020 Conceptual Budget	Inc / (Dec) FY 20 Conceptual vs FY 19 Budget	% Change
Operating Revenue:								
Airline Revenue								
Landing Fees	\$ 24,612	\$ 27,713	\$ 27,607	\$ (106)	-0.4%	\$ 30,274	\$ 2,667	9.7%
Aircraft Parking Fees	2,927	3,019	3,223	204	6.7%	3,521	298	9.2%
Building Rentals	56,575	59,008	70,764	11,756	19.9%	77,858	7,094	10.0%
Common Use System Support Charges	1,182	1,401	1,378	(23)	-1.6%	1,382	3	0.2%
Other Aviation Revenue	1,617	195	182	(13)	-6.7%	184	2	1.0%
Security Surcharge	29,468	32,916	35,025	2,109	6.4%	37,244	2,219	6.3%
Total Airline Revenue	116,381	124,253	138,180	13,927	11.2%	150,463	12,283	8.9%
Non-Airline Revenue								
Terminal rent Non-Airline	1,556	1,585	2,133	548	34.6%	2,138	5	0.2%
Terminal concessions	26,146	25,702	27,935	2,233	8.7%	28,713	777	2.8%
Rental Car License Fees	30,162	30,082	30,651	569	1.9%	30,997	347	1.1%
License Fees Other	4,948	4,786	5,821	1,036	21.6%	5,938	116	2.0%
Parking Revenue	41,355	40,601	45,956	5,355	13.2%	43,297	-2,659	-5.8%
Ground Transportation Permits and Citations	8,052	7,377	14,937	7,560	102.5%	15,385	448	3.0%
Ground Rentals	18,497	19,805	19,982	177	0.9%	20,766	784	3.9%
Grant Reimbursements	292	0	517	517	0.0%	307	-210	-40.6%
Other Operating Revenue *	1,457	773	770	(4)	-0.5%	770	0	0.0%
Total Non-Airline Revenue	132,465	130,711	148,703	17,992	13.8%	148,312	-391	-0.3%
Total Operating Revenue	248,847	254,963	286,882	31,919	12.5%	298,775	11,892	4.1%
Interest Income	8,134	8,783	14,006	5,223	59.5%	20,931	6,925	49.4%
Non-Operating Revenue								
Passenger facility charges	42,200	42,304	46,627	4,323	10.2%	47,560	933	2.0%
Customer facility charges (Rental Car Center)	36,528	40,009	40,204	196	0.5%	41,017	813	2.0%
Quieter Home Program	1,414	10,992	11,981	989	9.0%	11,981	0	0.0%
BAB Interest Rebate	4,651	4,656	4,631	(25)	-0.5%	4,631	0	0.0%
Capital grant contributions	1,904	11,700	8,149	(3,551)	-30.4%	3,729	-4,420	-54.2%
Other Nonoperating Revenue	(16,887)	0	0	0	0.0%	0	0	0.0%
Total Non-Operating Revenue	69,810	109,661	111,593	1,932	1.8%	108,918	(2,675)	-2.4%
Total Revenue	\$ 326,790	\$ 373,407	\$ 412,482	\$ 39,075	10.5%	\$ 428,624	\$ 16,143	3.9%

* Other Operating Revenue includes finger printing fees, utilities reimbursements, service charges, equipment rental and miscellaneous revenues

Revenue Overview

FY 2019 Budget Revenue Increase vs FY 2018 Budget \$39.1M (10.5%)

(in millions)

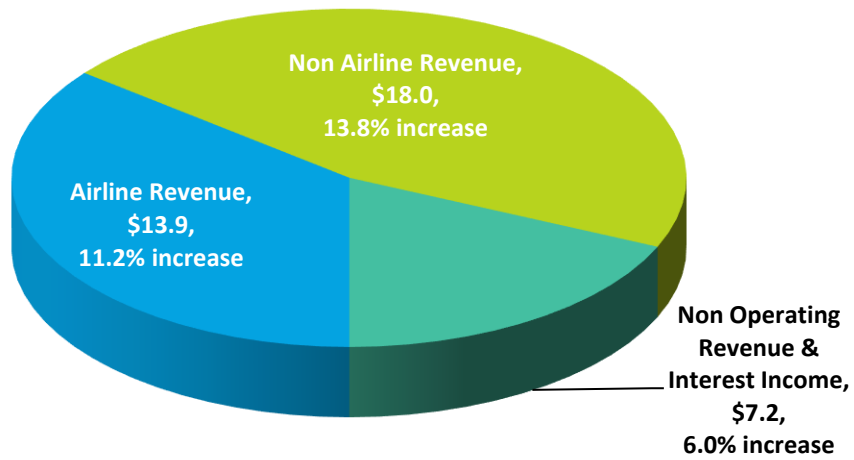


Figure 8 – FY 2019 Revenue Variance

FY 2020 Budget Revenue Increase vs FY 2019 Budget \$16.1M (3.9%)

(in millions)

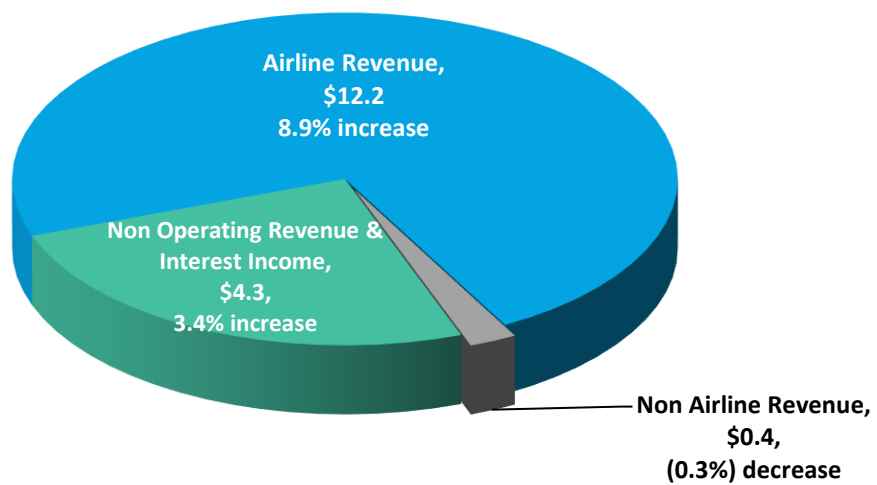


Figure 9 – FY 2020 Revenue Variance

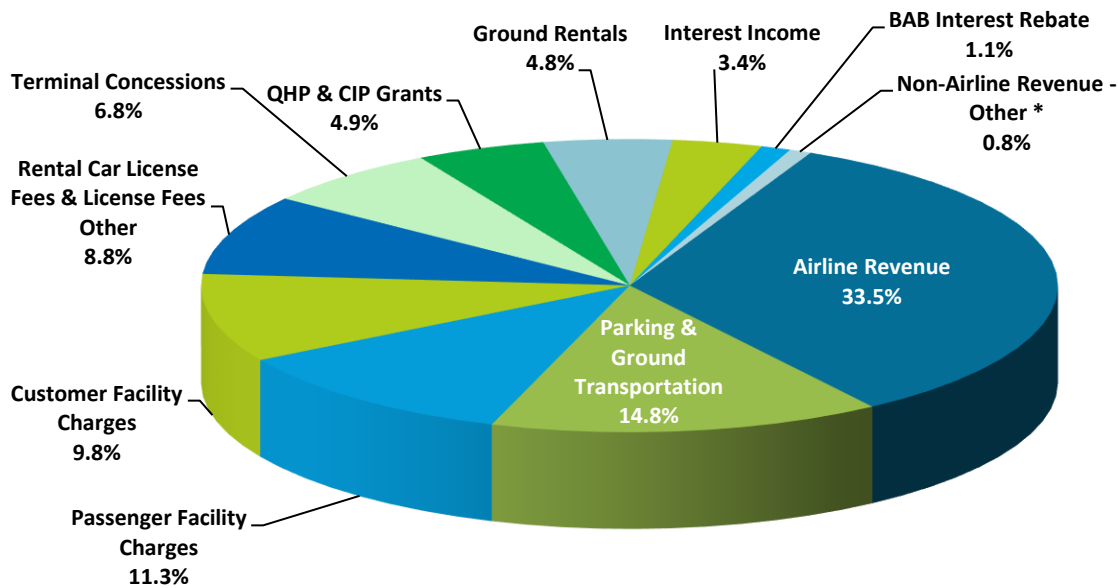
Revenue Overview

FY 2019 Revenue Budget by Major Sources

(in thousands)

Revenue by Major Sources	FY 2019 Budget
Airline Revenue	\$ 138,180
Parking & Ground Transportation	60,893
Passenger Facility Charges	46,627
Customer Facility Charges	40,204
Rental Car License Fees & License Fees Other	36,472
Terminal Concessions	27,935
QHP & CIP Grants	20,130
Ground Rentals	19,982
Interest Income	14,006
BAB Interest Rebate	4,631
Non-Airline Revenue - Other *	3,420
Total Revenue ⁽¹⁾	\$ 412,482

(1) Total may differ due to rounding



* Non-Airline Revenue – Other includes: finger printing fees, utilities reimbursements, service charges, equipment rentals, terminal rent non-airline, grant reimbursements and miscellaneous other revenues.

Figure 10 – FY 2019 Revenue Budget by Sources

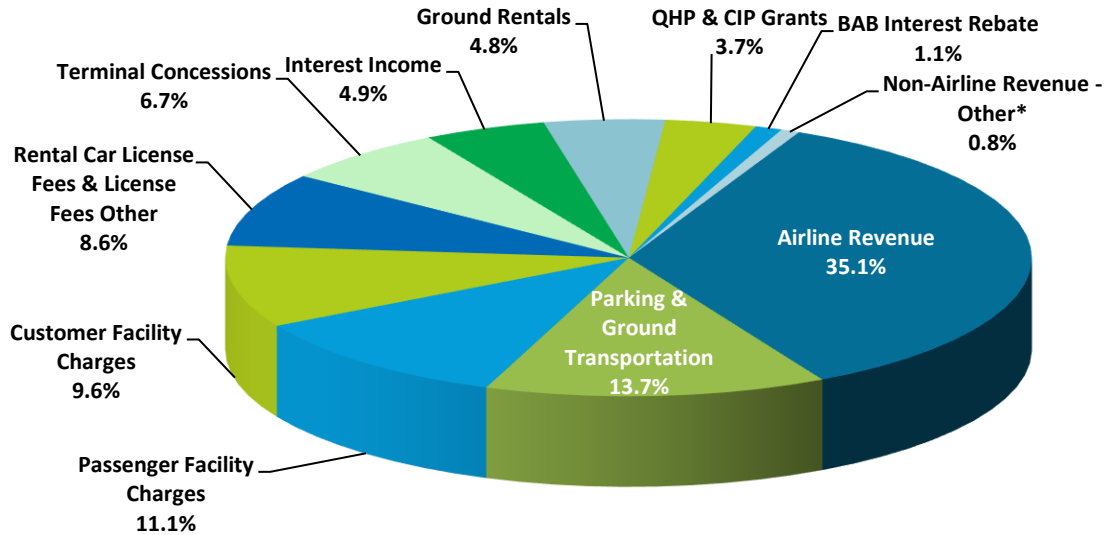
Revenue Overview

FY 2020 Revenue Budget by Major Sources

(in thousands)

Revenue by Major Sources	FY 2020 Conceptual Budget
Airline Revenue	\$ 150,463
Parking & Ground Transportation	58,682
Passenger Facility Charges	47,560
Customer Facility Charges	41,017
Rental Car License Fees & License Fees Other	36,935
Terminal Concessions	28,713
Interest Income	20,931
Ground Rentals	20,766
QHP & CIP Grants	15,710
BAB Interest Rebate	4,631
Non-Airline Revenue - Other*	3,215
Total Revenue⁽¹⁾	\$ 428,624

(1) Total may differ due to rounding



* Non-Airline Revenue – Other includes: finger printing fees, utilities reimbursements, service charges, equipment rentals, terminal rent non-airline, grant reimbursements and miscellaneous other revenues.

Figure 11 – FY 2020 Revenue Budget by Sources

Revenue Overview

Overview

Operating and Non-Operating revenues for FY 2019 are projected to be \$412.5M, an increase of \$39.1M (10.5%) above the FY 2018 Budget. FY 2020 Conceptual Operating and Non-Operating revenues are budgeted to increase by \$16.1M (3.9%) over the FY 2019 Budget.

Airline Operating Revenue

Airline operating revenue is comprised of landing fees, aircraft parking fees, building rentals, common use support system charges, other aviation revenue, and the security surcharge. The Airport Authority currently recovers substantially all of its airfield costs through landing fees and other aviation charges assessed to the airlines.

Landing Fees

Landing Fees are revenues from passenger and cargo carriers for commercial aircraft landings at the Airport. The fee is set to recover 89.6% in both FY 2019 and FY 2020 of the direct and allocated costs of the airfield, including maintenance and operation expenses, debt service and amortization of capital investments. The balance is recovered from aircraft parking fees (see the following **Aircraft Parking Fees** section).

In FY 2019, landing fee revenues are projected to decrease to \$27.6M which is \$0.1M (0.4%) over the FY 2018 Budget due to decrease in airfield maintenance and personnel costs. Estimated landed weight for FY 2019 is projected to increase to 14,019,507 (1,000 pound units), a 10.0% increase from 12,749,433 (1,000 pound units) in the FY 2018 Budget. The combination of higher landed weight and increased net airfield requirement results in the FY 2019 landing fee rate (per 1,000 pounds of maximum gross landed weight) of \$1.98, a 9.0% decrease over the FY 2018 Budget landing fee of \$2.18.

In FY 2020, landing fee revenues are projected to increase by \$2.7M (9.7%) to \$30.3M over the FY 2019 Budget. The increase reflects higher net airfield expenses, increased debt service, and increased amortization for new airfield projects to be funded with cash. The FY 2020 landing fee rate (per 1,000 pounds of maximum gross landed weight) is projected to increase to \$2.12, a 7.1% increase over the FY 2019 budgeted landing fee of \$1.98, mainly reflecting a combination of increased net airfield costs and a 2.0% increase in projected landed weight to 14,299,873 (1,000 pound units).

Aircraft Parking Fees

Aircraft parking fees are projected to recover a portion of the direct and allocated costs of the airfield, including maintenance and operation expenses, debt service and amortization of capital investments. This charge is assessed based on the number of aircraft parking positions assigned to each air carrier at the terminal gates and in remote parking. With aircraft parking positions a scarce resource at SAN, this cost recovery method rewards carriers who efficiently use their gates and schedule flights with departures outside the morning peak period.

In FY 2019, aircraft parking fees are projected to generate revenues of \$3.2M, a \$0.2M (6.7%) increase over the FY 2018 Budget. In FY 2020, aircraft parking fees are projected to increase by \$0.3M (9.2%) over the FY 2019 Budget. These increases primarily reflect an increase in number of parking positions.

Revenue Overview

Building Rentals

FY 2019 Building Rental revenues reflect recovery of terminal building costs allocated to airline occupied facilities. The FY 2019 Budget projection of \$70.8M is an increase of \$11.8M (19.9%) over the FY 2018 Budget. The FY 2019 terminal rental rate of \$178.18 per square foot, versus \$161.01 per square foot in the FY 2018 Budget, mainly reflects higher operating and maintenance expenses for terminal facilities and an increase in debt service for new terminal projects funded by the 2017 bond issuance.

The terminal rental rate excludes the credit for janitorial services paid for by the airlines on behalf of the Airport Authority.

In FY 2020, Building Rentals revenue is projected to increase by \$7.1M (10.0%) over the FY 2019 Budget due to higher operating and maintenance expenses and an increase in amortization charges for new terminal projects to be funded with cash. The FY 2020 terminal rental rate is projected to increase to \$192.40 per square foot.

Common Use System Support Charges

CUSS charges include all O&M expenses attributable or allocable to the CUSS cost center and will be paid for by the airlines located in Common Use Passenger Processing System (CUPPS) equipped terminals.

FY 2019 CUSS Charges are projected to be \$1.4M, a decrease of \$0.02M (1.6%) over FY 2018 Budget.

In FY 2020, the charges will remain relatively flat over the FY 2019 Budget.

Other Aviation Revenue

Fuel Franchise Fees includes fees on fuel delivered to aircraft by the Fixed Base Operator (FBO) and to non-participating airlines by the airline fuel consortium.

In FY 2019, Other Aviation revenue is projected to remain relatively flat over the FY 2018 Budget.

For FY 2020, fuel franchise fee will remain relatively flat over the FY 2019 Budget.

Security Surcharge

Security costs are comprised of Harbor Police services, contract guard services and maintenance costs for the security access system. These costs are recovered by a stand-alone fee paid by the airlines. This fee recovers 100% of airside security costs and 95% of terminal security costs from the airlines.

The budget for FY 2019 is \$35.0M, an increase of \$2.1M (6.4%) over the FY 2018 Budget. This increase reflects increased cost of Harbor Police and guard services and increase in security checkpoints rent due to higher terminal rate.

In FY 2020, Security Surcharge revenue is projected to increase by \$2.2M (6.3%) to \$37.2M reflecting the increase in cost of Harbor Police and guard services and increase in security checkpoints rent.

Non-Airline Operating Revenue

Non-Airline Operating revenue budgeted numbers were derived by analyzing the current agreements, recent trends, projected future events and historic revenue patterns, taking into consideration the projected FY 2019 enplaned passenger traffic. The FY 2019 Budget assumes 11.8M enplaned passengers,

Revenue Overview

which represents a 10.2% increase from the 10.7M enplanements used in the FY 2018 Budget and a 2.2% increase over the 11.5M FY 2018 year-end projected enplanements. FY 2020 enplanements are projected to grow to 12.0M, a 2.0% increase over the FY 2019 Budget enplanements.

Terminal Rent Non-Airline

Terminal Rent Non-Airline includes revenue from non-airline tenants like Siemens, U.S. General Services Administration (Drug Enforcement Agency and TSA), MorphoTrust USA and others.

The budget for FY 2019 is \$2.1M, representing an increase of \$0.5M (34.6%) over the FY 2018 Budget primarily due to an increase in the rent for U.S. General Services Administration. The FY 2020 Budget will remain relatively flat over the FY 2019 Budget.

Terminal Concessions

Terminal Concession revenue is generated from food/beverage and retail (including Duty Free) concessions operated under exclusive agreements with concessionaires. In FY 2015, the Airport Authority completed the Concession Development Program (CDP), which transformed the retail and food/beverage services offered at SAN, ultimately providing a world-class shopping and dining experience for the millions of passengers who use the Airport each year.

Completed CDP expanded from approximately 60,000 square feet to approximately 84,000 square feet of food service and retail space and the number of concession locations increased from 55 stores to 84.

Concession revenue is based on percentage rent charged on food, beverage and merchandise sales and fixed rent for concessionaire storage/support space. Cost Recovery revenue is also generated by reimbursement for marketing costs, operations/maintenance costs and costs to operate the Receiving and Distribution Center (RDC).

Other Concession revenue includes advertising, common use lounge service, Wi-Fi, bank ATMs, money exchange services, baggage cart rentals, and shoe shine stands.

The FY 2019 Budget for Terminal Concessions is \$27.9M, an increase of \$2.2M (8.7%) over the FY 2018 Budget. This is due to increased enplanements and sales per enplaned passenger (SEP).

FY 2020 revenues are budgeted at \$28.7M, an increase of \$0.8M (2.8%) over the FY 2019 Budget. This reflects an increase in food/beverage and retail revenue primarily due to increased enplanements.

Rental Car License Fee

Rental Car License Fee revenue includes fees received from rental car companies that conduct business at the Airport and cost recovery of operations/maintenance costs of Rental Car Center (RCC). The agreement calls for rental car companies to pay the Airport Authority a fee equaling 10% of gross sales.

In FY 2019, rental car license fees are projected at \$30.7M, an increase of \$0.6M (1.9%) over the FY 2018 Budget reflecting increased enplanements and cost recovery of operations and maintenance costs. The increase is partially offset by a decrease in SEP.

FY 2020 revenues are projected at \$31.0M, an increase of \$0.3M (1.1%) due to higher enplanements.

Revenue Overview

License Fees – Other

License Fees – Other revenue is derived from in-flight catering services and ground handling operators.

Estimated in-flight catering and ground handling revenue is based on a percentage of the companies' gross sales per their agreements with the Airport Authority.

FY 2019 revenues are budgeted at \$5.8M, an increase of \$1.0M (21.6%) from the FY 2018 Budget due to current trends and higher enplanements.

In FY 2020, license fees revenues are projected to increase by a nominal \$0.1M (2.0%) to \$5.9M due to higher enplanements.

Parking

Parking revenue is generated from approximately 8,200 spaces located on Airport parking lots, including parking lots in front of the terminals and remote, long-term parking operations located on Harbor Drive and Pacific Highway.

The FY 2019 revenue is budgeted at \$46.0M, an increase of \$5.4M (13.2%) from the FY 2018 Budget reflecting an increase in enplanements and a full year of the Terminal 2 Parking Plaza. The increase is partially offset by the decrease of parking spaces due to the closure of the Economy Lot.

The FY 2020 Budget is \$43.3M, a projected decrease of \$2.7M (5.8%), primarily reflecting decreased long-term spaces due to the closure of Harbor Drive Lot.

Ground Transportation Trip Fees and Citations

Ground Transportation revenue includes the taxi, shuttles, TNC and courtesy trip fees along with fees for permits issued limousines and commercial drivers operating at the airport. Citation revenue is generated from parking citations issued by the Airport Traffic Officers (ATOs) on the Airport terminal roadways.

FY 2019 revenue projections of \$14.9M, an increase of \$7.6M (102.5%) over the FY 2018 Budget mainly due to collection of TNC trip fees for pickups and drop offs and an increase in the number of other Ground Transportation operations.

In FY 2020, these revenues are budgeted at \$15.4M, an increase of \$0.5M (3.0%) mostly reflecting increased trip fees and trips.

Ground Rentals

Ground Rental Fixed revenue consists of fixed rent received for RCC lease rent, leased cargo facilities, fixed base operations and ancillary leases of various aviation and non-aviation uses.

FY 2019 revenue is budgeted at \$20.0M, an increase of \$0.2M (0.9%) over the FY 2018 Budget mainly due to contractual increases partially offset by the elimination of rental car overflow parking.

In FY 2020, revenues are budgeted at \$20.8M, an increase of \$0.8M (3.9%), primarily due to the planned opening of the new Northside Cargo Facility and Airline Support Facility.

Revenue Overview

Grant Reimbursements (Operating)

Grant Reimbursement revenue is received by the Airport Authority pursuant to an agreement with TSA to offset the cost of providing Law Enforcement Officers (LEO) at various TSA checkpoints and throughout the Airport. In addition, the Airport Authority has received a grant from the FAA for Sustainability Management Planning. The grant is designed to assist airports in creating a comprehensive and systematic framework for integrating sustainability into their long-range planning and operations in topic areas: Air Quality & Emissions, Transportation, Waste, Wildlife Management, and Climate Resilience.

The FY 2019 budget for Grant Reimbursement revenue increase is \$0.5M due to the TSA Federal Budget funding the LEO Reimbursement Program and Sustainability Management Planning Grant.

In FY 2020, revenues are budgeted at \$0.3M, a decrease of \$0.2M (40.6%) due to the completion of the Sustainability Management Planning Grant.

Other Operating Revenues

Other Operating revenues primarily include revenues to process employee fingerprints for new tenants, and any associated contractors or vendors who conduct business at the Airport. In addition, this category includes various miscellaneous revenues that do not fall into a specific category and are usually a one-time occurrence.

In FY 2019, these revenues are budgeted to remain relatively flat over the FY 2018 Budget.

FY 2020 revenues are budgeted to stay flat.

Interest Income

Interest Income revenue is derived from interest earned by the Airport Authority on discretionary funds and reserves established under the master trust indenture. This revenue also includes interest earned on notes paid by the Port District to the Airport Authority.

In FY 2019, interest income is budgeted at \$14.0M, a projected increase of \$5.2M (59.5%) from the FY 2018 Budget reflecting a projected increase in interest rates and cash balances. FY 2020 interest income revenues are projected to increase by \$6.9M (49.4%) over the FY 2019 Budget reflecting a projected increase in interest rates and cash balances.

Non-Operating Revenue

Passenger Facility Charges (PFCs)

PFCs revenue is comprised of a \$4.50 charge (net \$4.39 to the Airport after deduction of \$0.11 for the airline processing fee) paid by each ticketed passenger that board an airplane at the Airport. The FY 2019 and FY 2020 Budget is based on the projected number of enplaned passengers for FY 2019 at an estimated collection rate of 90%. Certain types of passengers, including military, are excluded from paying the PFCs.

FY 2019 PFC revenues are budgeted at \$46.6M, an increase of \$4.3M (10.2%) from the FY 2018 Budget due to higher enplaned passengers. FY 2020 PFC revenue are projected to increase by \$0.9M (2.0%) over the FY 2019 Budget due to an increase in enplaned passengers.

Revenue Overview

Customer Facility Charges

CFCs revenue is collected by the car rental concessionaires and remitted to the Airport Authority according to state law to support the consolidated RCC development project. In January 2018, in accordance with state statute, the collection methodology changed from \$7.50 per rental car transaction to \$9.00 per rental day (up to a maximum of five days).

For FY 2019, CFC revenues are projected at \$40.2M, an increase of \$0.2M (0.5%) over the FY 2018 Budget reflecting an increase in enplanements. The increase is partially offset by a decrease in passenger transactions.

In FY 2020, CFC revenues are budgeted at \$41.0M, an increase of \$0.8M (2.0%) over the FY 2019 Budget due to higher enplanements.

Build America Bond (BAB) Interest Rebate

BAB Interest Rebate revenue represents a direct federal subsidy of 33.2% of the interest paid on the Series 2010C revenue bonds.

FY 2019 BAB Interest revenue is budgeted to stay flat at \$4.6M compared to the FY 2018 Budget.

In FY 2020, the estimated revenue is projected to remain flat to FY 2019 Budget.

Grant Reimbursements (Residential Sound Attenuation Program and Capital)

The Quieter Home Program (QHP), is a residential sound insulation program for eligible single and multi-family dwellings located within the FAA-accepted SAN 65-decibel Community Noise Equivalent Level contour. The project is eligible for a maximum AIP funding of 80.0% for FY 2019. Recognized grant revenue is related to available funding under grant awards received and the level of expenditures made each year. It is anticipated that the FY 2019 and FY 2020 QHP revenue will be \$12.0M.

Capital grant contributions are FAA grant awards from a federal program that provides funding for approved capital projects. The FY 2019 capital grant contributions decrease by \$3.6M (30.4%) due to progress and completion of grant eligible projects – Rehabilitation of Runway 9-27 Pavement, Cross Taxiways and Replacement of Baggage Screening Equipment.

FY 2020 capital grant contributions are budgeted to decrease by \$4.4M (54.2%) due to progress and completion of grant eligible projects and an additional grant eligible project – Rehabilitation of Terminal 2 Apron.

BUDGET OVERVIEW: EXPENSES



19
79

EXPANDING WEST

ON APRIL 18, 1979, THE WEST TERMINAL (NOW CALLED TERMINAL 2) WAS OPENED.

Expense Overview

FY 2019 Expense Budget – FY 2020 Conceptual Expense Budget

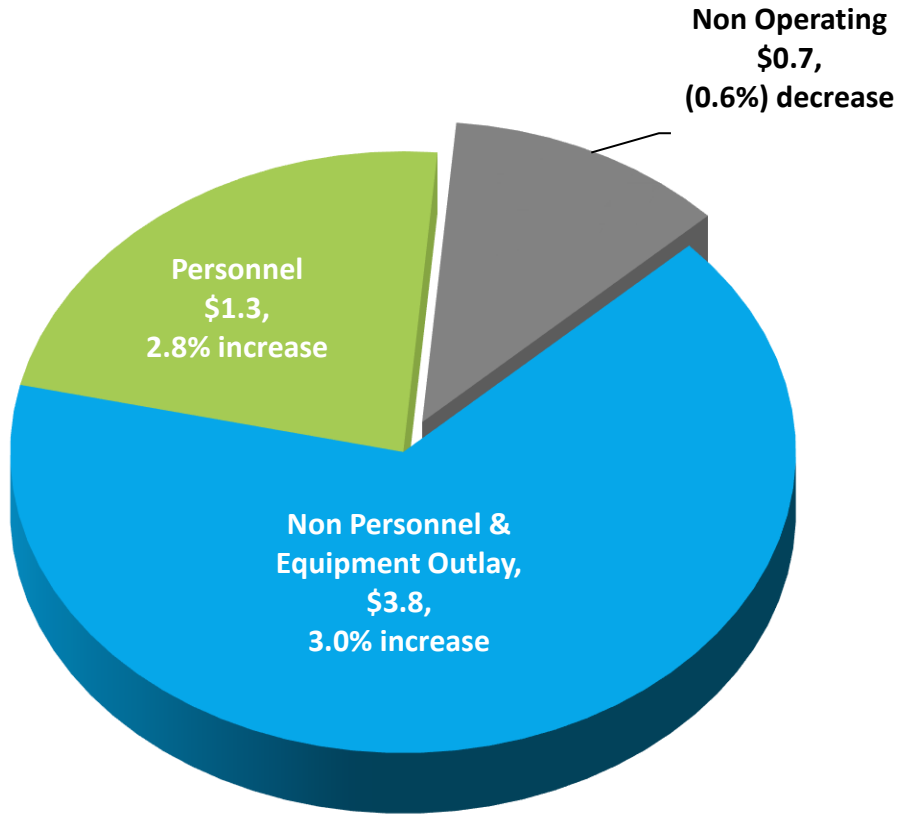
<i>(in thousands)</i>	FY2017 Actuals	FY2018 Budget	FY 2019 Budget	Inc / (Dec) FY 19 vs FY18 Budget	% Change	FY 2020 Conceptual Budget	Inc / (Dec) FY20 Conceptual vs FY19 Budget	% Change
Operating Expenses								
Salaries & Wages	34,583	36,215	37,795	1,580	4.4%	39,553	1,757	4.6%
Overtime	700	749	713	(36)	-4.8%	714	1	0.1%
Benefits	16,926	17,975	18,004	29	0.2%	19,255	1,251	6.9%
Subtotal	52,209	54,939	56,512	1,573	2.9%	59,522	3,009	5.3%
Less: Capitalized Labor Recharge	(5,106)	(6,302)	(6,662)	(360)	5.7%	(6,968)	(307)	4.6%
Less: QHP Labor Recharge	(229)	(717)	(610)	108	-15.0%	(649)	(39)	6.5%
Total Personnel Costs	46,874	47,920	49,241	1,321	2.8%	51,905	2,663	5.4%
Contractual Services	44,330	46,994	49,764	2,770	5.9%	49,424	(339)	-0.7%
Safety and Security	28,422	31,065	33,144	2,079	6.7%	34,383	1,240	3.7%
Space Rental	10,190	10,191	10,191	-	0.0%	10,191	-	0.0%
Utilities	10,736	12,250	13,357	1,106	9.0%	13,834	477	3.6%
Maintenance	14,270	15,352	13,788	(1,564)	-10.2%	14,771	983	7.1%
Operating Equipment & Systems	513	368	353	(16)	-4.3%	351	(2)	-0.5%
Operating Supplies	611	475	542	68	14.3%	549	7	1.2%
Insurance	956	1,203	1,248	45	3.7%	1,312	64	5.1%
Employee Development	1,353	1,318	1,160	(158)	-12.0%	1,164	4	0.4%
Business Development	2,341	3,745	3,045	(700)	-18.7%	3,038	(7)	-0.2%
Equipment Rentals and Repairs	2,533	2,666	3,364	698	26.2%	3,630	266	7.9%
Tenant Improvements	598	860	800	(60)	-7.0%	824	24	3.0%
Total Non-Personnel Costs	116,852	126,486	130,755	4,269	3.4%	133,472	2,717	2.1%
Total Operating Expenses	163,726	174,406	179,996	5,590	3.2%	185,376	5,380	3.0%
Joint Studies / Sound Attenuation	2,199	14,640	15,077	437	3.0%	15,011	(66)	-0.4%
Debt Service	75,370	104,692	103,585	(1,107)	-1.1%	113,634	10,049	9.7%
Legal Settlement Expense	10	10	10	-	0.0%	10	-	0.0%
Other Non-Operating Expenses	77,802	119,342	118,671	(670)	-0.6%	128,655	9,983	8.4%
Total Expenses	241,528	293,748	298,667	4,919	1.7%	314,031	15,364	5.1%
Equipment Outlay Expenditures	1,721	1,457	990	(467)	-32.0%	1,662	672	67.9%
Total Authority Expenses Incl Equip Outlay	243,249	295,205	299,658	4,453	1.5%	315,693	16,035	5.4%

Expense Overview

FY 2019 Budget Expense Increase vs FY 2018 Budget

\$4.5M (1.5%) ⁽¹⁾

(in millions)



⁽¹⁾ Total may differ due to rounding

Figure 12 – FY 2019 Expense Variance

Expense Overview

Major Drivers of FY 2019 Budget

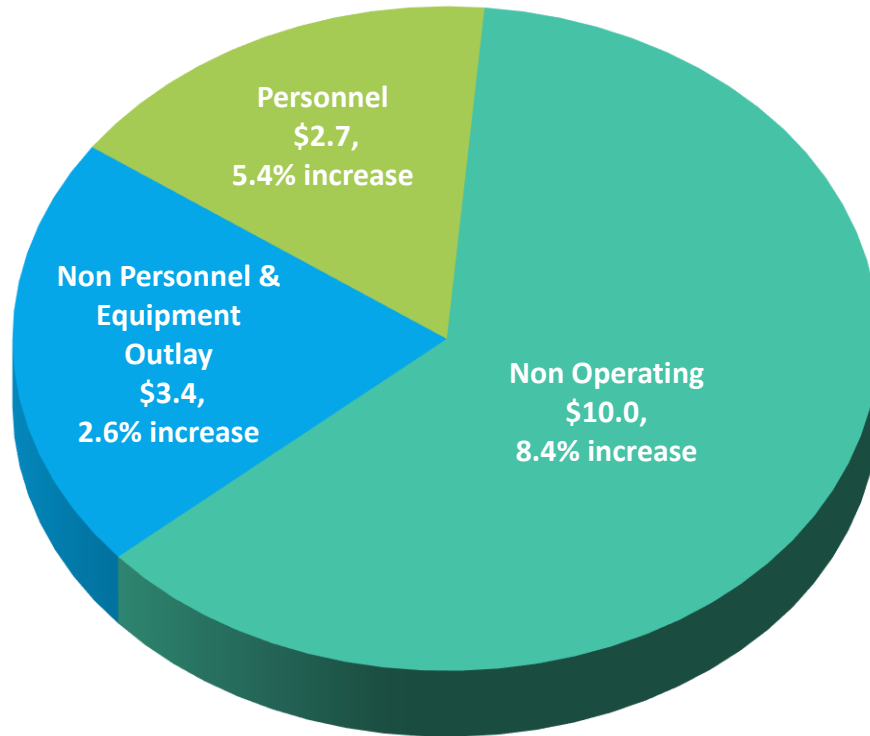
<i>(in thousands)</i>	Total Inc / (Dec) FY19 Budget vs FY18 Budget	Expense Category
Total Increase in Expenses	\$ 4,453	
Personnel:		
Contracted wage increases and pay-for-performance	1,266	Salaries & Wages
Retirement and additional contribution of 1% of Actuarial Liability	1,087	Employee Benefits
5 new positions (salaries & burden), net of capitalized labor	263	Salaries & Wages
Health insurance	230	Employee Benefits
Retiree medical benefits and other, net	<u>(1,526)</u>	Employee Benefits, Salaries &
Total Increase / (Decrease) in Personnel	1,321	
Debt Service:		
Interest and Principal on 2017 Bond issuance	709	Debt Service
Interest and fees on revolving credit facilities and other, net	210	Debt Service
Cost of issuance	<u>(2,026)</u>	Debt Service
Total Increase / (Decrease) in Debt Service	(1,107)	
Non Personnel:		
Parking Plaza O&M		
Maintenance and utilities	640	Maintenance, Utilities
Credit card transactions and reservations fees	546	Contractual Services
Parking systems maintenance and support	203	Equipment Rentals and Repairs
Safety and Security and other, net	126	Safety and Security
Federal Inspection Station (FIS) O&M		
Maintenance and utilities	627	Maintenance, Utilities
Automated Passport Control (APC) kiosks and other systems support	374	Equipment Rentals and Repairs
Access control	200	Safety and Security
Insurance and other, net	78	Insurance
Safety and Security		
Port District Harbor Police Department law enforcement	791	Safety and Security
Customs and Border Protection (CBP) overtime	350	Safety and Security
Aircraft Rescue and Fire Fight (ARFF) & Emergency Medical Services	280	Safety and Security
Guard services	224	Safety and Security
Terminal and Landside Operations & Maintenance		
Inter-terminal shuttle operations	914	Contractual Services
Janitorial services	508	Contractual Services
Utilities	444	Utilities
Rental Car Center (RCC) buses	173	Contractual Services
Major and annual maintenance	<u>(1,594)</u>	Maintenance
Other Operating and Non-Operating Expenses		
QHP and Joint Studies	437	Joint Studies / Sound Attenuation
Authority-wide computer replacements	(300)	Equipment Outlay
Environmental consulting services	(325)	Contractual Services
Sponsorships and marketing activities	(820)	Contractual Services
Other, net	365	
Total Increase / (Decrease)	\$ 4,453	

Expense Overview

FY 2020 Conceptual Budget Expense Increase vs FY 2019 Budget

\$16.0M (5.4%)⁽¹⁾

(in millions)



⁽¹⁾ Total may differ due to rounding

Figure 13 – FY 2020 Expense Variance

Expense Overview

Major Drivers of FY 2020 Conceptual Budget

<i>(in thousands)</i>	Total Inc / (Dec) FY20 Budget vs FY19 Budget	Expense Category
Total Increase in Expenses	\$ 16,035	
Personnel:		
Contracted wage increases and pay-for-performance	1,399	Salaries & Wages
Retirement and additional contribution of 1% of Actuarial Liability	556	Employee Benefits
5 new positions (salaries & burden), net of capitalized labor	517	Salaries & Wages
Health insurance	385	Employee Benefits
Retiree medical benefits and other, net	152	Salaries & Benefits
Additional capitalized labor	(346)	Capitalized Labor
Total Increase / (Decrease) in Personnel	2,663	
Debt Service:		
Interest and Principal on new 2019 Bond issuance	6,469	Debt Service
Cost of issuance	3,406	Debt Service
Interest and fees on revolving credit facilities and other, net	174	Debt Service
Total Increase / (Decrease) in Debt Service	10,049	
Non Personnel:		
Safety and Security		
Port District Harbor Police Department law enforcement	788	Safety and Security
ARFF & Emergency Medical Services	197	Safety and Security
Guard services	153	Safety and Security
Terminal and Landside Operations & Maintenance		
Major and annual maintenance	983	Maintenance
Parking and shuttle operations	500	Contractual Services
Utilities	477	Utilities
Other Operating Expenses		
Parking management office equipment	400	Equipment Outlay
Vehicle replacements	301	Equipment Outlay
Sponsorships and marketing activities	(195)	Contractual Services
Environmental consulting services	(250)	Contractual Services
Other, net	(33)	
Total Increase / (Decrease)	\$ 16,035	

Expense Overview

Overview

In FY 2019, SDCRAA total expenses, including debt service and equipment outlay, are projected to increase to \$299.7M from \$295.2M in the FY 2018 Budget. This represents an increase of \$4.5M (1.5%). The FY 2020 Conceptual Budget anticipates total expenses increasing to \$315.7M, representing an increase of \$16.0M (5.4%).

Operating Expenses

Personnel Expenses

Personnel Expenses include salary and wages, overtime and employee benefits, net of capitalized labor and non-operating costs associated with the QHP. Benefits include payroll taxes, retirement, health insurance, workers' compensation insurance, unemployment insurance, life insurance and short-term disability insurance.

In FY 2019, Salaries and Wages, including overtime, are projected to increase by \$1.5M (4.2%) over the FY 2018 Budget, reflecting a net increase of five (5) positions, wage and salary increases required under union contract agreements and pay-for-performance increases for non-union employees. Employee benefits are projected to increase by \$0.03M (0.2%) from the FY 2018 Budget, primarily reflecting an increase in retirement and health insurance cost, partially offset by a decrease in retirees medical benefits. These combined factors, together with higher capitalized labor expenses, resulted in a net increase of \$1.3M (2.8%) in the FY 2019 Budget over the FY 2018 Budget for personnel expenses.

In FY 2020, Salaries and Wages, including overtime, are projected to increase by \$1.8M (4.6%), reflecting a net increase of five (5) positions, wage and salary increases required under union contract agreements and pay-for-performance increases for non-union employees. Employee benefits expenses are projected to increase by \$1.3M (6.9%) primarily reflecting increased costs associated with retirement and health benefits. These combined factors, together with higher capitalized labor expenses are projected to result in a net increase of \$2.7M (5.4%) in FY 2020.

Non-Personnel Expenses

Contractual Services

Contractual Services expense includes a variety of professional services such as operation, engineering, financial, legal, maintenance and other services.

In FY 2019, Contractual Services are budgeted to have a net increase of \$2.8M (5.9%) over the FY 2018 Budget, primarily due to an increase in shuttle operations and janitorial services.

In FY 2020, Contractual Services are budgeted to decrease \$0.4M (-0.7%), primarily due to a decrease in environmental requirements and marketing activities.

Safety and Security

Safety and Security expenses are law enforcement, Aircraft Rescue and Fire Fighting (ARFF), paramedic, inspection/guard services and other similar services. Law enforcement services are provided under a service legal agreement with the San Diego Unified Port District. Fire, rescue and emergency response services are provided by the City of San Diego.

In FY 2019, Safety and Security costs are projected to increase by \$2.1M (6.7%) over the FY 2018 Budget, primarily

Expense Overview

reflecting an increase in Port District Harbor Police Department law enforcement, Customs and Border Protection, Aircraft Rescue and Firefighting, and guard services.

FY 2020 Safety and Security costs are projected to increase by \$1.2M (3.7%) over the FY 2019 Budget, reflecting increases in Port District Harbor Police Department law enforcement, Aircraft Rescue and Firefighting, and guard services.

Space Rental

Space Rental expense consists of lease payments for various properties contiguous to the Airport, including the former General Dynamics, Teledyne-Ryan (TDY) and Harbor Island properties.

FY 2019 and FY 2020 Space Rental costs are projected to remain flat.

Utilities

Utilities expense includes gas, electric, water and telephone costs.

FY 2019 utilities costs are projected to increase by \$1.1M (9.0%) from the FY 2018 Budget, primarily due to anticipated electricity rate increases from SDG&E and higher usage due to the Parking Plaza and FIS.

FY 2020 utilities costs are budgeted to increase by \$0.5M (3.6%) from the FY 2019 Budget, primarily due to anticipated electricity rate increases from SDG&E.

Maintenance

Maintenance expense includes maintenance agreements, major maintenance projects, expendable stock and other material used to operate and maintain the Airport.

FY 2019 Maintenance expense is projected to decrease by \$1.6M (-10.2%) from the FY 2018 Budget, primarily due to a decrease in oval striping done every other year, as well as lower negotiated contract costs for some contracts.

FY 2020 Maintenance expense is projected to increase by \$1.0M (7.1%) from the FY 2019 Budget, primarily due to scheduled oval striping.

Operating Equipment and Systems

Operating Equipment and Systems includes expenses such as computers, non-capitalized furniture, and office and safety equipment.

FY 2019 Operating Equipment and Systems expenses are projected to decrease slightly by \$0.02M (-4.3%) from the FY 2018 Budget.

FY 2020 Operating Equipment and Systems expenses are projected to stay relatively flat.

Operating Supplies

Operating Supplies expense includes small tools, office and operating supplies and safety equipment.

FY 2019 Operating Supplies expenses are projected to increase by \$0.07M (14.3%) based on increased actual spend in FY 2018 expected to continue into FY 2019.

FY 2020 Operating Supplies expenses are projected to stay relatively flat.

Expense Overview

Insurance

Insurance provides financial protection of the Airport Authority's assets from property and liability losses.

FY 2019 Insurance expense is projected to increase by \$0.05M (3.7%) from the FY 2018 Budget, primarily due to increasing property values including the Parking Plaza and Federal Inspection Services (FIS).

FY 2020 Insurance expense is projected to increase by \$0.06M (5.1%) over the FY 2019 Budget, reflecting an increase in property values due to phased completion of miscellaneous CIP projects and anticipated changes in market conditions.

Employee Development

Employee Development includes recruiting expenses, staff training and development, book and periodical subscriptions, memberships in trade and professional organizations, seminars, registration fees, travel, tuition and other staff-related expenses (e.g. service awards and uniforms).

FY 2019 Employee Development expense is projected to decrease slightly by \$0.2M (-12.0%) from the FY 2018 Budget.

FY 2020 Employee Development expense is projected to stay relatively flat.

Business Development

Business Development expense includes marketing and promotional activity expenses related primarily to Airport Authority marketing programs and domestic and international air service development.

FY 2019 Business Development expense is projected to decrease by \$0.7M (-18.7%) from the FY 2018 Budget, primarily due to a decrease in sponsorship and marketing activity expenses.

FY 2020 Business Development expense is projected to stay relatively flat.

Equipment Rentals and Repairs

Equipment Rentals and Repairs expense includes computer licenses, tenant improvement allowances, equipment leasing/rentals and office equipment repair.

FY 2019 Equipment Rentals and Repairs expense is projected to increase by \$0.7M (26.2%) from the FY 2018 Budget, primarily due to an increase in IT related office equipment, repairs, and systems support.

FY 2020 Equipment Rentals and Repairs expense is projected to increase \$0.3M (7.9%) from the FY 2019 Budget, primarily due to an increase in IT related office equipment, repairs, and systems support.

Tenant Improvements

Tenant Improvement costs include airline related costs for gate relocations to other new or renovated facilities and Tenant Improvements costs for other tenants.

FY 2019 Tenant Improvement expense is projected to decrease by \$0.06M (-7.0%) from the FY 2018 Budget anticipating slightly less projects.

FY 2020 Tenant Improvement expense is projected to increase by \$0.02M (3.0%) from the FY 2019 Budget.

Expense Overview

Non-Operating Expenses

Joint-Studies/Sound Attenuation

The Joint-Studies/Sound Attenuation expenses are costs associated with Airport facilities studies and QHP.

FY 2019 costs are projected to increase by \$0.4M (3.0%) from the FY 2018 Budget, primarily due to an increase in QHP material expenses.

FY 2020 is projected to stay relatively flat.

Debt Service

Debt Service expenditures include interest, letter of credit and dealer fees on Commercial Paper (CP) notes, interest and principal on outstanding Airport revenue bond debt, as well as trustee fees for both CP and revenue bonds.

FY 2019 Debt Service costs are projected to decrease by \$1.1M (-1.1%) from the FY 2018 Budget, primarily due to the absence of any new debt issuance.

FY 2020 Debt Service costs are projected to increase by \$10.0M (9.7%) from the FY 2019 Budget, primarily due to the costs associated with the new 2019 bond issuance.

Equipment Outlay

Equipment Outlay expense includes equipment requests costing \$5,000 or more, with a useful life of at least one year.

FY 2019 Equipment Outlay expenses are projected to decrease by \$0.5M (-32.0%) from the FY 2018 Budget, reflecting a decrease in equipment purchases planned.

FY 2020 Equipment Outlay expenses are projected to increase by \$0.7M (67.9%) from the FY 2019 Budget.

Expense Overview

FY 2019 Expense Budget by Division

(in thousands)

Divisions	FY 2019 Budget
Operations	\$ 121,618
Debt Service	103,585
Development	27,165
Revenue Management & Innovation	21,312
Finance	17,763
Executive	8,215
Total ⁽¹⁾	\$ 299,658

⁽¹⁾ Total may differ due to rounding.

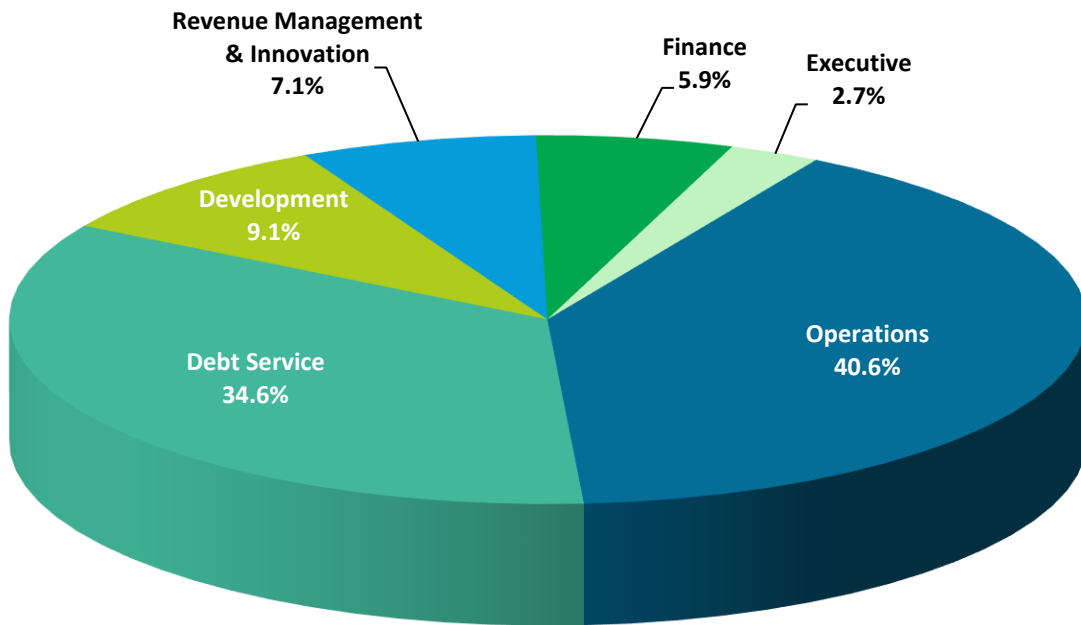


Figure 14 – FY 2019 Expense Budget by Division

Expense Overview

FY 2020 Expense Budget by Division

(in thousands)

Divisions	FY 2020 Conceptual Budget
Operations	\$ 126,300
Debt Service	113,634
Development	27,341
Revenue Management & Innovation	21,398
Finance	18,707
Executive	8,313
Total ⁽¹⁾	\$ 315,693

⁽¹⁾ Total may differ due to rounding.

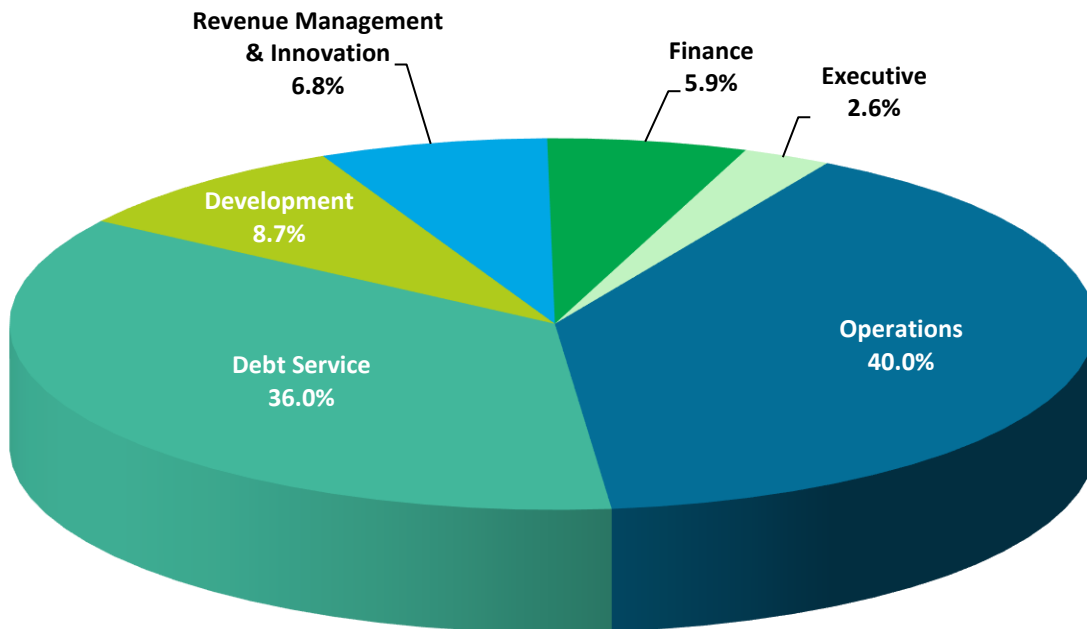


Figure 15 – FY 2020 Expense Budget by Division

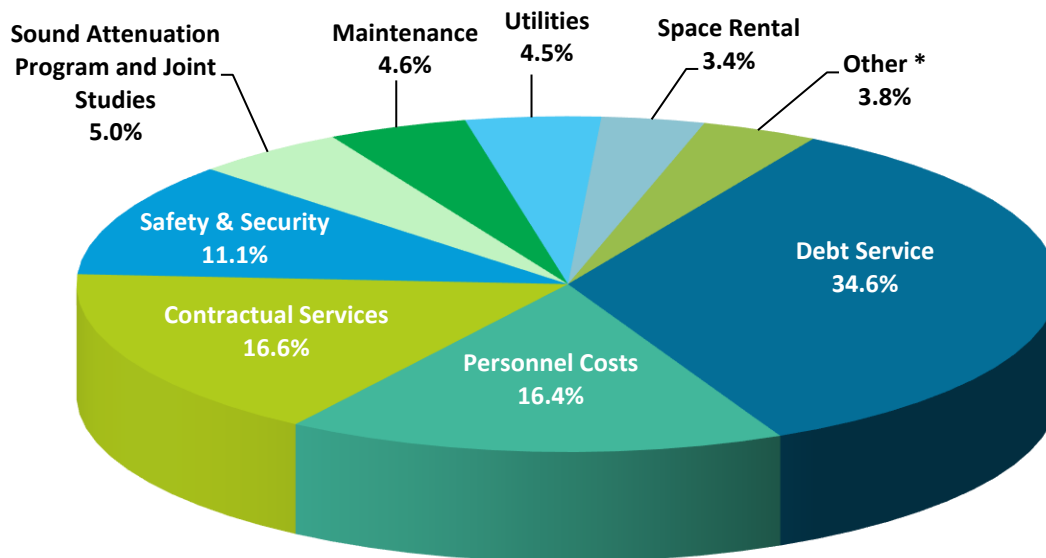
Expense Overview

FY 2019 Expense Budget by Category

(in thousands)

Category	FY 2019 Budget
Debt Service	\$ 103,585
Contractual Services	49,764
Personnel Costs	49,241
Safety & Security	33,144
Sound Attenuation Program and Joint Studies	15,077
Maintenance	13,788
Utilities	13,357
Space Rental	10,191
Other *	11,512
Total ⁽¹⁾	\$ 299,658

⁽¹⁾ Total may differ due to rounding



*Other includes equipment rentals and repairs, business development, employee programs, insurance, tenant improvements, operating equipment and supplies, and equipment outlay.

Figure 16 – FY 2019 Expense Budget by Category

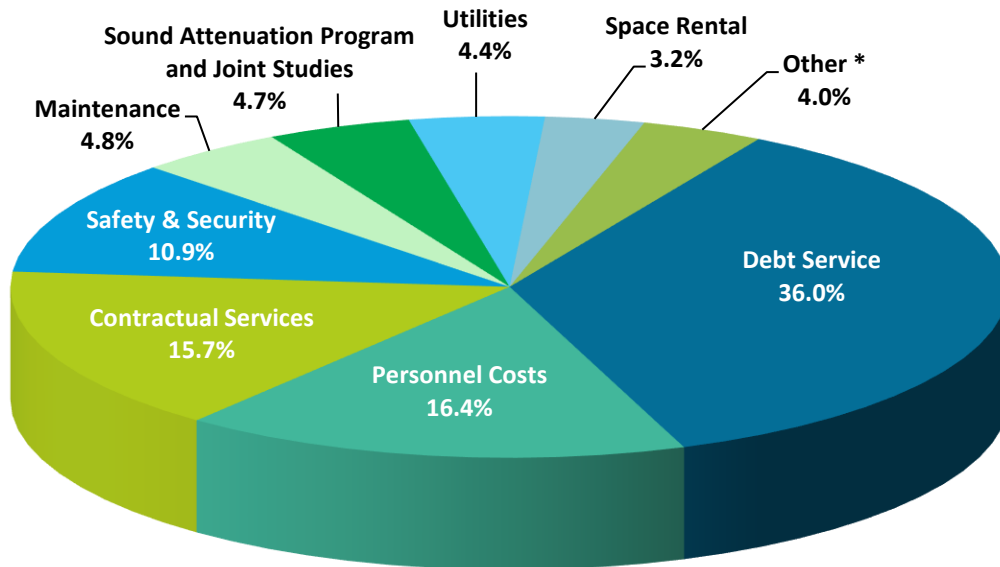
Expense Overview

FY 2020 Expense Budget by Category

(in thousands)

Category	FY 2020 Conceptual Budget
Debt Service	\$ 113,634
Personnel Costs	51,905
Contractual Services	49,424
Safety & Security	34,383
Maintenance	15,011
Sound Attenuation Program and Joint Studies	14,771
Utilities	13,834
Space Rental	10,191
Other *	12,539
Total ⁽¹⁾	\$ 315,693

⁽¹⁾ Total may differ due to rounding



*Other includes equipment rentals and repairs, business development, employee programs, insurance, tenant improvements, operating equipment and supplies, and equipment outlay.

Figure 17 – FY 2020 Expense Budget by Category

Expense Overview

Division Personnel Summary

	FY 2017 Budget	FY 2018 Budget	FY 2019 Budget Transfers*	FY 2019 Budget New/ (Eliminated)	FY 2019 Budget	FY 2020 Budget New/ (Eliminated)	FY 2020 Conceptual Budget
Executive Division							
Chief Auditor	7	7	-	-	7	-	7
Executive Office	4	4	(1)	-	3	-	3
General Counsel	6	6	-	-	6	-	6
Risk Management	7	7	(7)	-	-	-	-
Talent, Culture & Capability	17	16	5	-	21	-	21
Total Executive	41	40	(3)	-	37	-	37
Development Division							
Airport Design & Construction	13	14	-	1	15	-	15
Facilities Development	39	38	(3)	-	35	-	35
Planning & Environmental Affairs	30	30	(1)	-	29	-	29
Total Development	82	82	(4)	1	79	-	79
Finance Division							
Accounting	12	12	-	-	12	-	12
Airline Relations	-	-	5	-	5	-	5
Finance & Risk Management	14	14	5	-	19	-	19
Information & Technology Services	29	29	(1)	-	28	-	28
Procurement	11	12	-	-	12	-	12
Total Finance	66	67	9	-	76	-	76
Operations							
Airside & Terminal Operations	18	15	10	-	25	1	26
Aviation Security & Public Safety	12	17	-	-	17	3	20
Board Services	9	9	(4)	-	5	-	5
Facilities Management	86	88	-	-	88	1	89
Ground Transportation	64	64	-	4	68	-	68
Inter-Governmental Relations	2	2	-	-	2	-	2
Media & Public Relations	15	15	(10)	-	5	-	5
Terminal & Tenants	15	17	(17)	-	-	-	-
Total Operations	221	227	(21)	4	210	5	215
Revenue Management & Innovation							
Innovation & Business Development	1	2	5	-	7	-	7
Marketing, Arts & Air Service Development	3	3	13	-	16	-	16
Revenue Management ⁽²⁾ ⁽³⁾	12	12	1	-	13	-	13
Small Business Development	4	4	-	-	4	-	4
Total Revenue Management & Innovation	20	21	19	-	40	-	40
Total Positions	430	437	-	5	442	5	447

* Transfers are due to reorganization; see detailed information in the divisional sections.

Expense Overview

FY 2019 Personnel Budget by Division

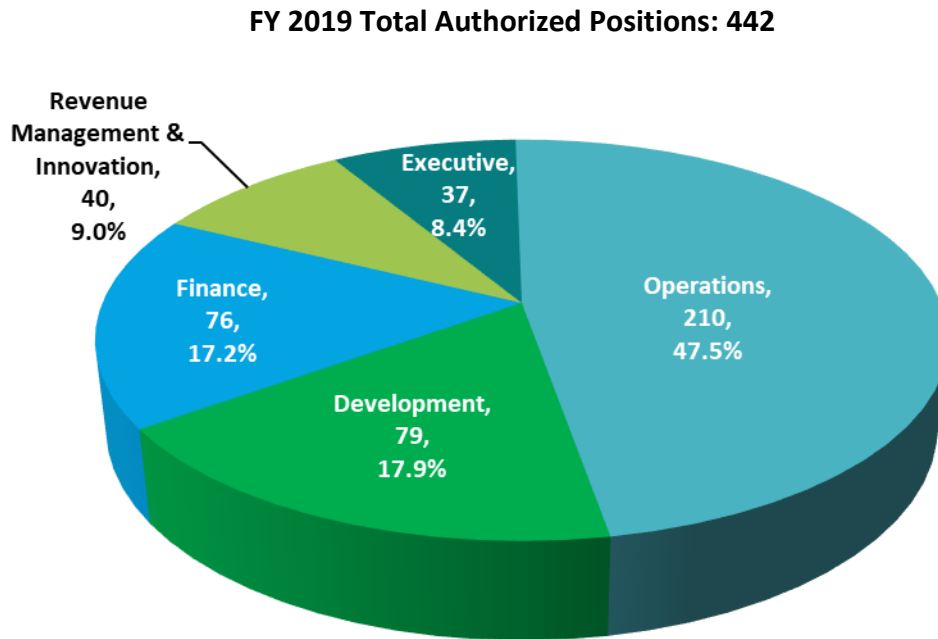


Figure 18 – FY 2019 Personnel Budget by Division

FY 2020 Personnel Budget by Division

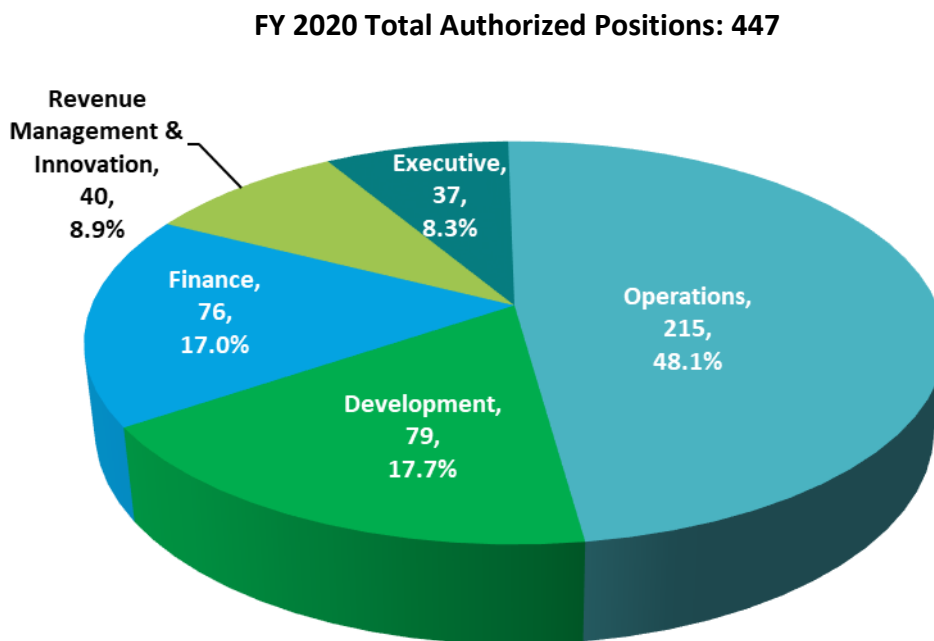


Figure 19 – FY 2020 Personnel Budget by Division

Expense Overview

FY 2019 Budget New Positions

Division	Department	New Positions
Operations	Ground Transportation ATOs	Airport Traffic Officer - Limited
Operations	Ground Transportation ATOs	Airport Traffic Officer - Limited
Operations	Ground Transportation ATOs	Airport Traffic Officer - Limited
Operations	Ground Transportation ATOs	Airport Traffic Officer - Limited
Development	Airport Design & Construction	Estimator III
Total FY 2019 new positions		5

Figure 20 – FY 2019 Budget New Positions

FY 2020 Budget New Positions

Division	Department	New Positions
Operations	Facilities Management	Inspector, Planner & Estimator - Limited
Operations	Airside & Terminal Operations	Airside Operations Duty Manager II - Limited
Operations	Aviation Security & Public Safety	Security & Emergency Response Coordinator - Limited
Operations	Aviation Security & Public Safety	Communication Center Specialist
Operations	Aviation Security & Public Safety	Communication Center Specialist
Total FY 2020 new positions		5

Figure 21 – FY 2020 Budget New Positions

EXECUTIVE DIVISION



19
83

DAILY NONSTOP SERVICE TO PARADISE

UNITED AIRLINES BEGAN OFFERING DAILY FLIGHTS FROM SAN DIEGO TO HONOLULU, THE FIRST SUCH REGULARLY SCHEDULED SERVICE TO HAWAII.

Executive Division

Overview

The **Executive Division** provides leadership and direction to Airport Authority staff in accomplishing the twelve-member Airport Authority Board's strategies and initiatives. The **Airport Authority Board** consists of nine voting members and three *ex-officio* members and is responsible for setting policies related to airport and Airport Authority operations, airport land-use planning and the future air transportation planning needs of the region.

The nine voting Board members are appointed to staggered three-year terms by the Chair of the San Diego County Board of Supervisors, the Mayor of the City of San Diego and groups of mayors of the other cities in San Diego County. Compensation for each voting Board member is \$200 per day of service, with a maximum of eight days of service per month. The Board chair receives an additional \$500 stipend per month.

The following are descriptions of each group within the Executive Division.

The **Office of the Chief Auditor** provides professional internal auditing services to promote full accountability, efficiency and effectiveness of services by the Airport Authority to the traveling public and the airlines. The Office of the Chief Auditor reports to the Audit Committee of the Board. It performs audits in accordance with current professional standards and provides recommendations to enhance the Airport Authority's internal controls. As authorized by the Board, the Office of the Chief Auditor administers the Airport Authority Ethics Program and confidential Hotline Reporting System.

The Office of the Chief Auditor also assists management in maintaining the financial and operational integrity of the Airport Authority, and analyzes and assesses the Airport Authority's financial data, operations and programs for compliance with applicable laws, policies, procedures and mandates.

The **Executive Office** works to foster a cooperative and collaborative relationship among Airport Authority employees, airlines, various business partners, relevant government agencies and stakeholder groups. The Executive Office also coordinates and oversees the overall day-to-day operations and development of San Diego International Airport.

The Executive Office also coordinates technical and staff support to the Airport Authority Board; promotes positive collaborative relationships with its business partners and the community; approves all contracts, deeds, leases and agreements that contractually bind the Airport Authority and ensures that the region's long-term airport needs are identified and addressed.

As part of the Executive Office, the **Office of Strategy & Policy** ensures the execution and coordination of the Airport Authority's Five-Year Strategic Plan initiatives. It establishes and maintains key relationships with critical stakeholders, both internal and external, and at all levels of government in order to further plan goals and objectives.

The **Office of the General Counsel** provides professional legal advice and representation to the Airport Authority's Board and the various divisions and departments of the Airport Authority. The Office of the General Counsel represents the Airport Authority in all litigation and legal matters. It assists in the preparation and review of Airport Authority leases, contracts, legal documents, ordinances and resolutions, Airport Authority bonds and other instruments.

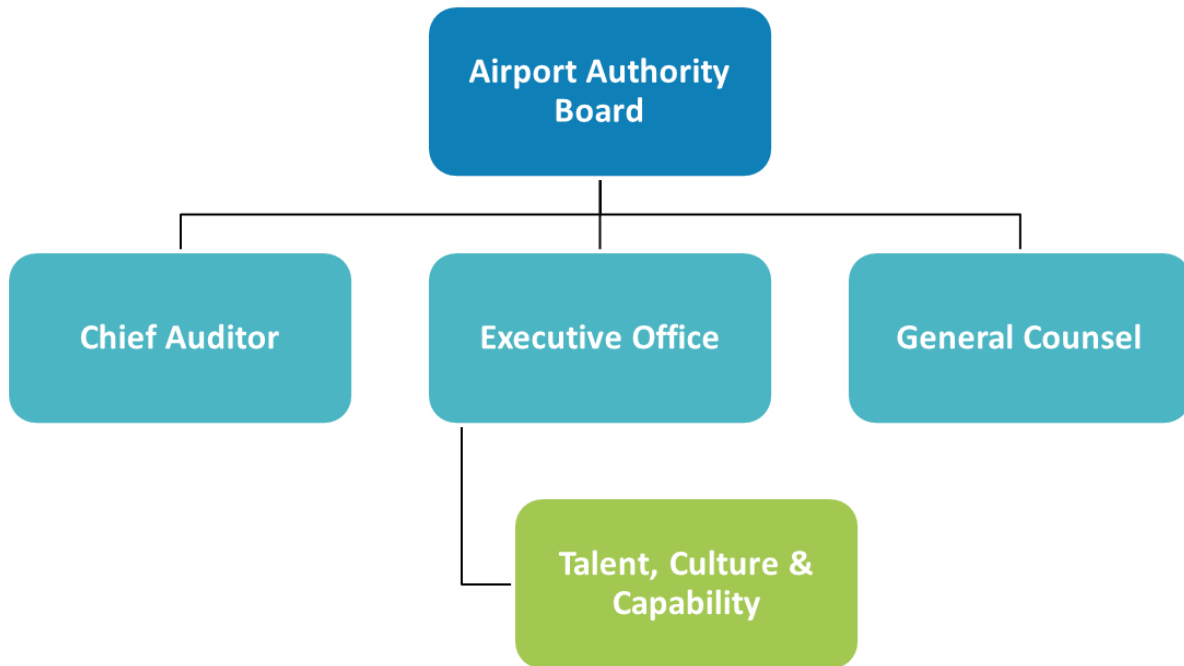
Further, the Office of the General Counsel selects and manages all outside legal counsel, and advises with the objective to limit liability and exposure to claims and lawsuits.

Executive Division

The **Talent, Culture & Capability (TCC)** department provides talent's services and support that inform effective business decisions, enhance organizational capabilities and create a culture of success. The department manages talent acquisition and development; advances employee diversity and safety efforts; executes employee wellness and reward programs; and supports process mapping and redesign. Through these services, the department assures continued organizational development, workforce engagement, and ongoing process optimization.

Executive Division

FY 2019 – FY 2020 Organizational Structure



Division Personnel Summary

	FY 2017 Budget	FY 2018 Budget	FY 2019 Budget Transfers	FY 2019 Budget New/ (Eliminated)	FY 2019 Budget	FY 2020 Budget New/ (Eliminated)	FY 2020 Conceptual Budget
Executive Division							
Chief Auditor	7	7	-	-	7	-	7
Executive Office ⁽¹⁾	4	4	(1)	-	3	-	3
General Counsel	6	6	-	-	6	-	6
Risk Management ⁽²⁾	7	7	(7)	-	-	-	-
Talent, Culture & Capability ⁽³⁾	17	16	5	-	21	-	21
Total Authorized Funded Positions	41	40	(3)	-	37	-	37

⁽¹⁾ 1 position transferred to Talent, Culture & Capability.

⁽²⁾ Risk Management was dissolved; 7 positions transferred to Talent, Culture & Capability (3), Finance & Risk Management (3) and Innovation & Business Development (1).

⁽³⁾ 3 positions transferred to Marketing, Arts & Air Service Development and 8 positions transferred from Corporate & Information Governance (4), Risk Management (3) and Executive Office (1).

Executive Division

FY 2019 Budget – FY 2020 Expense Conceptual Budget Summary

<i>(in thousands)</i>	FY2017 Actuals	FY2018 Budget	FY 2019 Budget	Inc / (Dec) FY 19 vs FY18 Budget	% Change	FY 2020 Conceptual Budget	Inc / (Dec) FY 20 Conceptual vs FY 19 Budget	% Change
Operating Expenses								
Salaries & Wages	\$ 4,258	\$ 4,680	\$ 4,219	\$ (461)	-9.9%	\$ 4,380	\$ 161	3.8%
Overtime	0	-	-	-	0.0%	-	-	0.0%
Benefits	1,630	1,987	1,852	(136)	-6.8%	1,960	108	5.8%
Subtotal	5,888	6,668	6,071	(597)	-9.0%	6,340	269	4.4%
Less: Capitalized Labor Recharge	(27)	-	-	-	0.0%	-	-	0.0%
Less: QHP Labor Recharge	-	-	-	-	0.0%	-	-	0.0%
Total Personnel Costs	5,861	6,668	6,071	(597)	-9.0%	6,340	269	4.4%
Contractual Services	1,441	1,622	1,394	(228)	-14.1%	1,234	(161)	-11.5%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	1	1	1	(1)	-48.6%	1	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	62	13	14	2	14.3%	14	(0)	-0.7%
Operating Supplies	39	25	24	(2)	-6.4%	24	-	0.0%
Insurance	956	1,203	1	(1,202)	-99.9%	1	-	0.0%
Employee Development	475	446	329	(117)	-26.3%	330	1	0.4%
Business Development	309	327	299	(28)	-8.6%	306	7	2.3%
Equipment Rentals and Repairs	84	47	53	6	12.5%	53	1	1.0%
Tenant Improvements	-	-	-	-	0.0%	-	-	0.0%
Total Non-Personnel Costs	3,367	3,684	2,115	(1,569)	-42.6%	1,963	(152)	-7.2%
Total Operating Expenses	9,228	10,352	8,185	(2,166)	-20.9%	8,303	117	1.4%
Joint Studies / Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlement Expense	10	10	10	-	0.0%	10	-	0.0%
Other Non-Operating Expenses	10	10	10	-	0.0%	10	-	0.0%
Total Expenses	9,238	10,362	8,195	(2,166)	-20.9%	8,313	117	1.4%
Equipment Outlay Expenditures	-	20	20	-	0.0%	-	(20)	-100.0%
Total Authority Expenses Incl Equip Outlay	\$ 9,238	\$ 10,382	\$ 8,215	\$ (2,166)	-20.9%	\$ 8,313	\$ 97	1.2%

Executive Division

Major Drivers of FY 2019 Budget & FY 2020 Conceptual Budget

<i>(in thousands)</i>	Inc/(Dec) FY19 vs FY18	Inc/(Dec) FY20 Conceptual vs FY19
FY 2018 Budget / FY 2019 Budget	\$ 10,382	\$ 8,215
Personnel costs		
Burden (benefits & employer taxes) for current staff *	(136)	108
Salary adjustments and pay-for-performance *	(461)	161
Total Increase / (Decrease) in personnel costs	(597)	269
Memberships & Dues	(32)	7
Employee Development	(117)	1
Insurance brokerage fees transferred to Finance division	(216)	(18)
Insurance premiums transferred to Finance division	(1,202)	-
Legal Services	-	(150)
Other, net	(2)	(12)
Total Increase / (Decrease) in non-personnel costs	(1,569)	(172)
Total Increase / (Decrease)	(2,166)	97
FY 2019 Budget / FY 2020 Conceptual Budget	\$ 8,215	\$ 8,313

* 7 positions transferred to Revenue Management and Innovation (4) and Finance (3) divisions and 4 positions transferred from Operations division.

Executive Division

FY 2019 Expense Budget by Department

(in thousands)

Departments	FY 2019 Budget
Talent, Culture & Capability	\$ 3,901
General Counsel	2,061
Chief Auditor	1,286
Executive Office	967
Total ⁽¹⁾	\$ 8,215

⁽¹⁾ Total may differ due to rounding

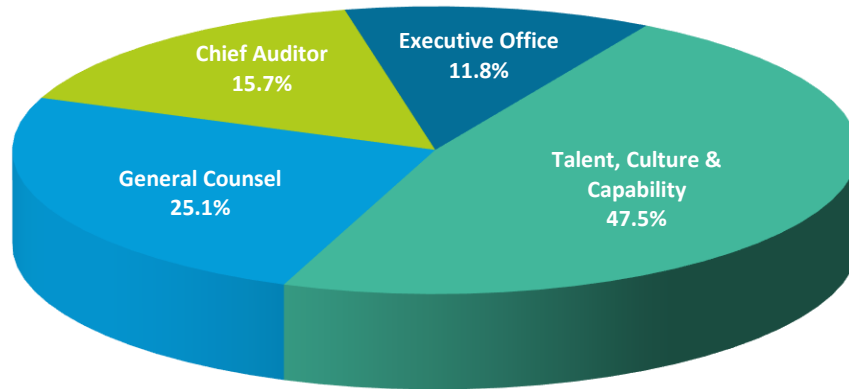


Figure 22 – FY 2019 Expense Budget by Department

Executive Division

FY 2020 Expense Conceptual Budget by Department

(in thousands)

Departments	FY 2020 Conceptual Budget
Talent, Culture & Capability	\$ 3,995
General Counsel	1,961
Chief Auditor	1,353
Executive Office	1,003
Total ⁽¹⁾	\$ 8,313

⁽¹⁾ Total may differ due to rounding

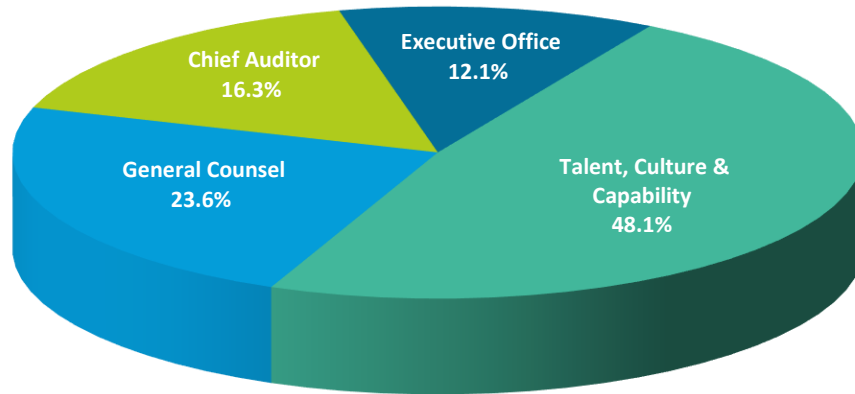


Figure 23 – FY 2020 Expense Conceptual Budget by Department

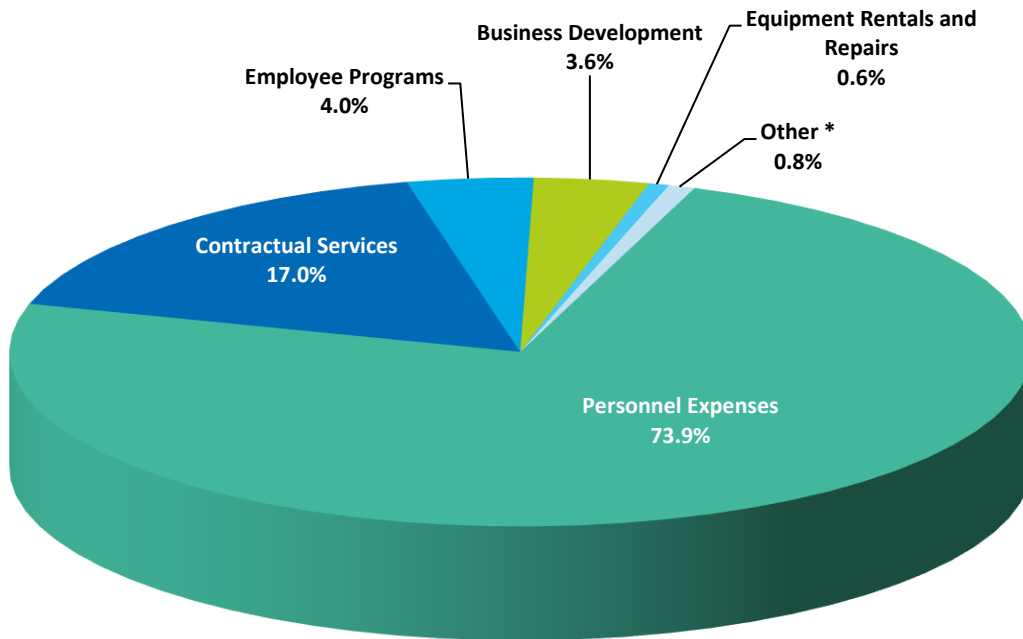
Executive Division

FY 2019 Expense Budget by Category

(in thousands)

Category	FY 2019 Budget
Personnel Expenses	\$ 6,071
Contractual Services	1,394
Employee Programs	329
Business Development	299
Equipment Rentals and Repairs	53
Other *	69
Total ⁽¹⁾	\$ 8,215

⁽¹⁾ Total may differ due to rounding



*Other includes operating equipment & systems, utilities and operating supplies, equipment rentals & repairs, legal settlements, etc.

Figure 24 – FY 2019 Expense Budget by Category

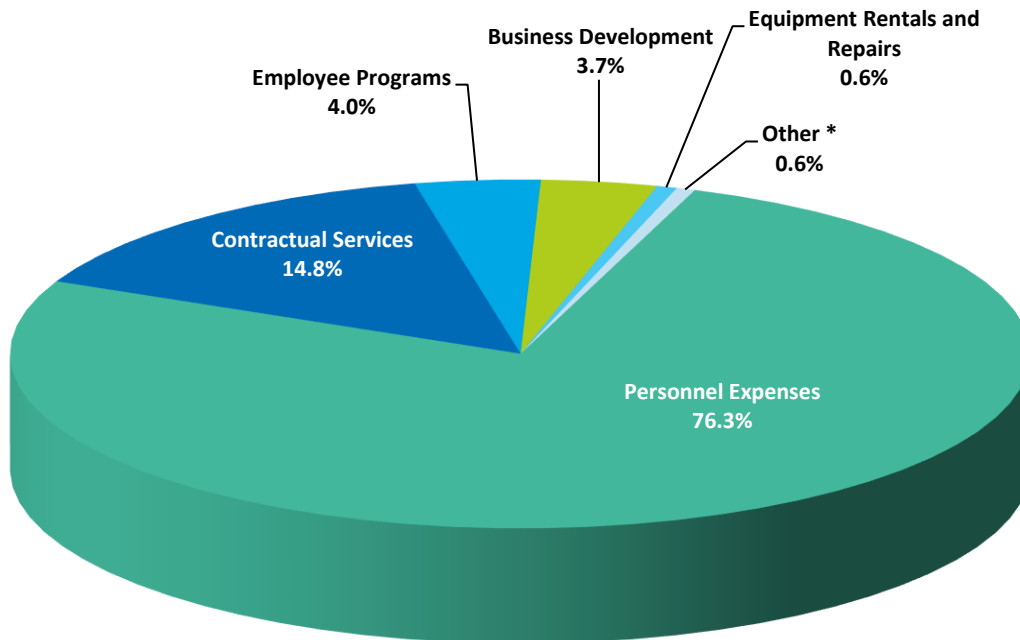
Executive Division

FY 2020 Expense Conceptual Budget by Category

(in thousands)

Category	FY 2020 Conceptual Budget
Personnel Expenses	\$ 6,340
Contractual Services	1,234
Employee Programs	330
Business Development	306
Equipment Rentals and Repairs	53
Other *	49
Total ⁽¹⁾	\$ 8,313

⁽¹⁾ Total may differ due to rounding

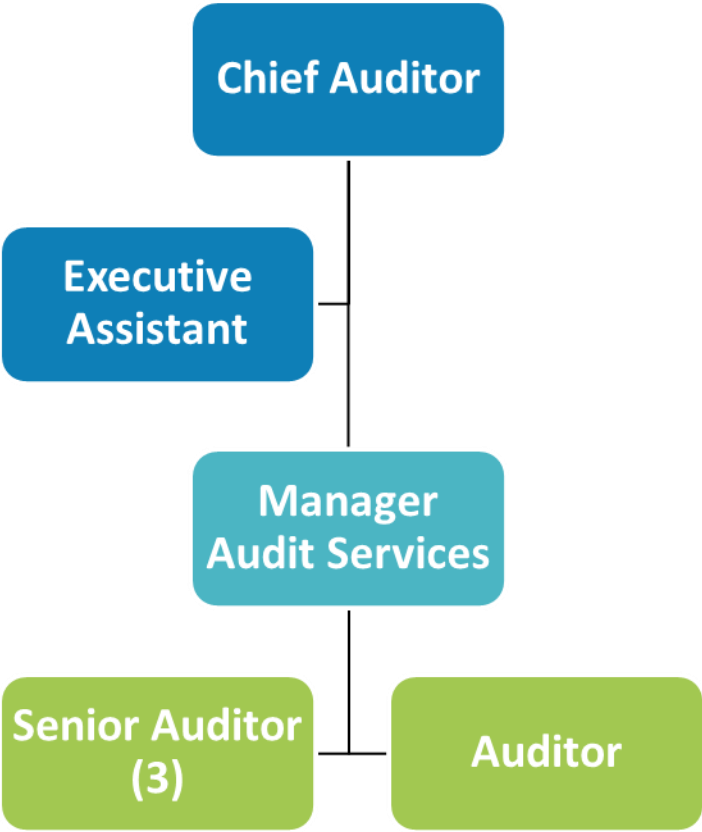


*Other includes operating equipment & systems, utilities and operating supplies, equipment rentals & repairs, legal settlements, etc.

Figure 25 – FY 2020 Expense Conceptual Budget by Category

Executive Division – Chief Auditor

FY 2019 – FY 2020 Organizational Structure



No personnel changes in FY 2020.

Executive Division – Chief Auditor

FY 2019 Budget – FY 2020 Expense Conceptual Budget Summary

<i>(in thousands)</i>	FY2017 Actuals	FY2018 Budget	FY 2019 Budget	Inc / (Dec) FY 19 vs FY18 Budget	% Change	FY 2020 Conceptual Budget	Inc / (Dec) FY 20 Conceptual vs FY 19 Budget	% Change
Operating Expenses								
Salaries & Wages	\$ 788	\$ 848	\$ 856	\$ 8	0.9%	\$ 899	\$ 43	5.0%
Overtime	-	-	-	-	0.0%	-	-	0.0%
Benefits	314	384	388	4	1.0%	412	23	6.0%
Subtotal	1,102	1,233	1,245	12	1.0%	1,311	66	5.3%
Less: Capitalized Labor Recharge	-	-	-	-	0.0%	-	-	0.0%
Less: QHP Labor Recharge	-	-	-	-	0.0%	-	-	0.0%
Total Personnel Costs	1,102	1,233	1,245	12	1.0%	1,311	66	5.3%
Contractual Services	-	1	1	0	6.2%	1	-	0.0%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	0	0	0	(0)	-25.0%	0	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	-	-	-	-	0.0%	-	-	0.0%
Operating Supplies	3	3	3	(0)	-3.8%	3	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Development	25	27	26	(1)	-3.5%	26	1	1.9%
Business Development	4	5	5	0	0.6%	5	0	1.1%
Equipment Rentals and Repairs	9	7	7	0	1.4%	8	1	7.7%
Tenant Improvements	-	-	-	-	0.0%	-	-	0.0%
Total Non-Personnel Costs	41	42	41	(1)	-2.2%	42	1	2.7%
Total Operating Expenses	1,142	1,275	1,286	11	0.9%	1,353	68	5.3%
Joint Studies / Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlement Expense	-	-	-	-	0.0%	-	-	0.0%
Other Non-Operating Expenses	-	-	-	-	0.0%	-	-	0.0%
Total Expenses	1,142	1,275	1,286	11	0.9%	1,353	68	5.3%
Equipment Outlay Expenditures	-	-	-	-	0.0%	-	-	0.0%
Total Authority Expenses Incl Equip Outlay	\$ 1,142	\$ 1,275	\$ 1,286	\$ 11	0.9%	\$ 1,353	\$ 68	5.3%

Executive Division – Chief Auditor

Major Drivers of FY 2019 Budget & FY 2020 Conceptual Budget

<i>(in thousands)</i>	Inc/(Dec) FY19 vs FY18	Inc/(Dec) FY20 Conceptual vs FY19
FY 2018 Budget / FY 2019 Budget	\$ 1,275	\$ 1,286
Personnel costs		
Salary adjustments and pay-for-performance	8	43
Burden (benefits & employer taxes) for current staff	4	23
Total Increase / (Decrease) in personnel costs	12	66
Other, net	(1)	1
Total Increase / (Decrease) in non-personnel costs	(1)	1
Total Increase / (Decrease)	11	68
FY 2019 Budget / FY 2020 Conceptual Budget	\$ 1,286	\$ 1,353

Executive Division – Chief Auditor

FY 2018 Progress Report

1. Effectively utilize an auditor’s time performing audits to achieve an audit utilization rate equal to the cumulative percentage for all audit staff.

Progress: The department utilization goal is 80%. During the last reporting period the department had a utilization rate of 83%.

Strategic Goal:

- Financial, execute a Plan of Finance that provides the financial resources necessary to achieve the FY 2022 Future State while maintaining the enterprise’s strong financial position.

2. Confirm that revenues obtained from business partners and costs paid to contractors comply with the terms of agreements.

Progress: During the most recent reporting period of the 2018 fiscal year the department had identified \$87,389 in additional revenue/cost savings.

Strategic Goal:

- Financial, execute a Plan of Finance that provides the financial resources necessary to achieve the FY 2022 Future State while maintaining the enterprise’s strong financial position.

3. Provide workable audit recommendations that help improve the Airport Authority’s operations, with a 90% implementation rate.

Progress: To date, 65% of the recommendations provided to departments have been implemented. The department is on track to achieve its goal.

Strategic Goal:

- Financial, execute a Plan of Finance that provides the financial resources necessary to achieve the FY 2022 Future State while maintaining the enterprise’s strong financial position.

4. Perform audit work in an efficient manner. Have 80% of all audits completed within budgeted time as established within the annual plan approved by the Board.

Progress: Currently, 79% of the audits conducted during fiscal year 2018 have been completed within the budgeted time.

Strategic Goal:

- Financial, execute a Plan of Finance that provides the financial resources necessary to achieve the FY 2022 Future State while maintaining the enterprise’s strong financial position.

5. Conduct audit engagements in a manner that meets the expectations of the customer. Achieve an internal customer satisfaction ratio of 4.0 on a scale of 1 to 5, with 1 being very dissatisfied and 5 being very satisfied.

Progress: Internal customer satisfaction surveys are sent to auditees at the conclusion of each audit. The current internal customer satisfaction ratio is 4.09.

Strategic Goal:

- Customer, exceed our customers’ expectations by introducing innovative service and facility enhancements.

Executive Division – Chief Auditor

6. Conduct audits that focus on the key risk areas of the Airport Authority and its business partners.

Progress: The department developed a risk assessment objectively ranking auditable areas, and developed an audit plan based on risk assessment scoring. The Audit Committee and Board approved the audit plan before the beginning of the fiscal year.

Strategic Goal:

- Financial, execute a Plan of Finance that provides the financial resources necessary to achieve the FY 2022 Future State while maintaining the enterprise’s strong financial position.

7. Provide staff the necessary tools and training to ensure adequacy and effectiveness of audits.

Progress: Staff is on track to achieve their required Continuing Professional Education (CPE) training and to meet individual targets during annual performance reviews.

Strategic Goal:

- Employee, develop leaders and a workforce aligned to the needs of our Strategic Plan and an inclusive environment that reflects the diversity of our community.

Executive Division – Chief Auditor

FY 2019 – FY 2020 Goals

1. Conduct audits that focus on the key risk areas of the Airport Authority and its business partners.

Strategic Goal:

- Customer, exceed our customers' expectations by introducing innovative service and facility enhancements.

Strategic Initiative:

- 2C. Manage ongoing business effectively through change
- 5B. Invest/participate in innovation that improves efficiency or enhances revenue

2. Achieve an audit department utilization rate equal to 70% for all audit staff.

Strategic Goal:

- Employee, develop leaders and a workforce aligned to the needs of our Strategic Plan and an inclusive environment that reflects the diversity of our community.

Strategic Initiative:

- 2C. Manage ongoing business effectively through change
- 4E. Determine innovative, flexible organizational staffing needs that reflect the ADP and capital program

3. Provide workable audit recommendations that help improve the Airport Authority's operations, with 95% of audit recommendations agreed to by management.

Strategic Goal:

- Customer, exceed our customers' expectations by introducing innovative service and facility enhancements.

Strategic Initiative:

- 2C. Manage ongoing business effectively through change
- 5B. Invest/participate in innovation that improves efficiency or enhances revenue

4. Perform audit work in an efficient manner. Complete 80% of all audits within budgeted time, as established in the annual audit plan approved by the Board.

Strategic Goal:

- Customer, exceed our customers' expectations by introducing innovative service and facility enhancements.

Strategic Initiative:

- 2C. Manage ongoing business effectively through change

Executive Division – Chief Auditor

5. Conduct audit engagements in a manner that meets the expectations of the customer. Achieve an internal customer satisfaction ratio of 4.0 on a scale of 1 to 5, with 1 being very dissatisfied and 5 being very satisfied.

Strategic Goal:

- Customer, exceed our customers' expectations by introducing innovative service and facility enhancements.

Strategic Initiative:

- 2C. Manage ongoing business effectively through change
- 5B. Invest/participate in innovation that improves efficiency or enhances revenue

6. Provide tools and training for staff to ensure adequacy and effectiveness of audits.

Strategic Goal:

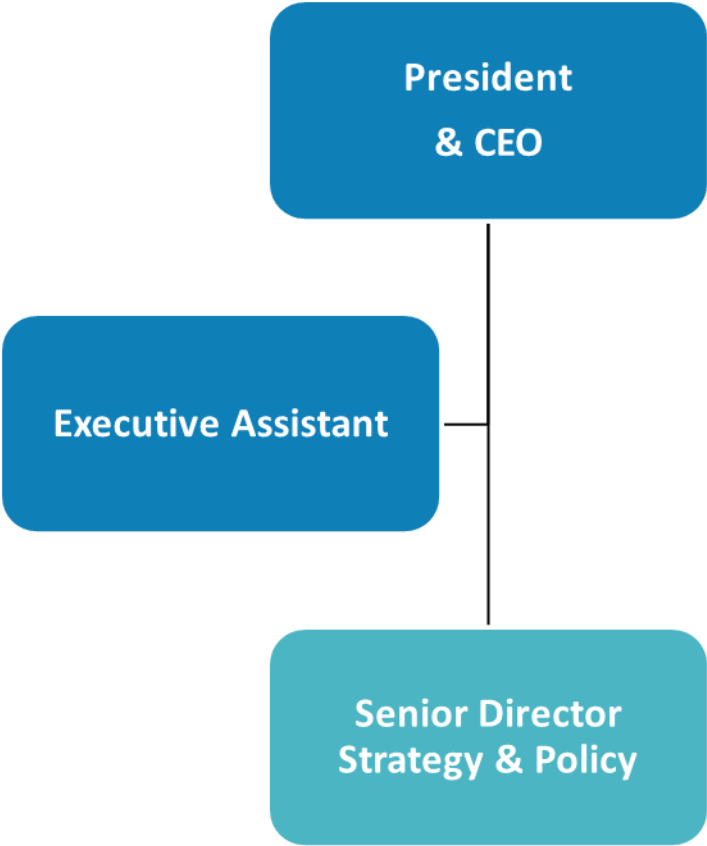
- Employee, develop leaders and a workforce aligned to the needs of our Strategic Plan and an inclusive environment that reflects the diversity of our community.

Strategic Initiative:

- 4F. Train and develop business driven, agile and collaborative capabilities

Executive Division – Executive Office

FY 2019 – FY 2020 Organizational Structure



No personnel changes in FY 2020.

Executive Division – Executive Office

FY 2019 Budget – FY 2020 Expense Conceptual Budget Summary

<i>(in thousands)</i>	FY2017 Actuals	FY2018 Budget	FY 2019 Budget	Inc / (Dec) FY 19 vs FY18 Budget	% Change	FY 2020 Conceptual Budget	Inc / (Dec) FY 20 Conceptual vs FY 19 Budget	% Change
Operating Expenses								
Salaries & Wages	\$ 677	\$ 625	\$ 532	\$ (93)	-14.9%	\$ 550	\$ 18	3.4%
Overtime				-	0.0%	-	-	0.0%
Benefits	157	251	204	(47)	-18.8%	215	11	5.3%
Subtotal	834	877	736	(140)	-16.0%	765	29	3.9%
Less: Capitalized Labor Recharge	-	-	-	-	0.0%	-	-	0.0%
Less: QHP Labor Recharge	-	-	-	-	0.0%	-	-	0.0%
Total Personnel Costs	834	877	736	(140)	-16.0%	765	29	3.9%
Contractual Services	3	3	3	(0)	-11.8%	3	-	0.0%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	0	0	0	-	0.0%	0	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	0	0	-	(0)	-100.0%	-	-	0.0%
Operating Supplies	3	3	2	(0)	-10.0%	2	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Development	19	22	21	(1)	-4.5%	21	-	0.0%
Business Development	226	236	205	(32)	-13.4%	212	7	3.4%
Equipment Rentals and Repairs	-	-	-	-	0.0%	-	-	0.0%
Tenant Improvements	-	-	-	-	0.0%	-	-	0.0%
Total Non-Personnel Costs	251	265	231	(34)	-12.7%	238	7	3.0%
Total Operating Expenses	1,085	1,142	967	(174)	-15.2%	1,003	36	3.7%
Joint Studies / Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlement Expense	-	-	-	-	0.0%	-	-	0.0%
Other Non-Operating Expenses	-	-	-	-	0.0%	-	-	0.0%
Total Expenses	1,085	1,142	967	(174)	-15.2%	1,003	36	3.7%
Equipment Outlay Expenditures	-	-	-	-	0.0%	-	-	0.0%
Total Authority Expenses Incl Equip Outlay	\$ 1,085	\$ 1,142	\$ 967	\$ (174)	-15.2%	\$ 1,003	\$ 36	3.7%

Executive Division – Executive Office

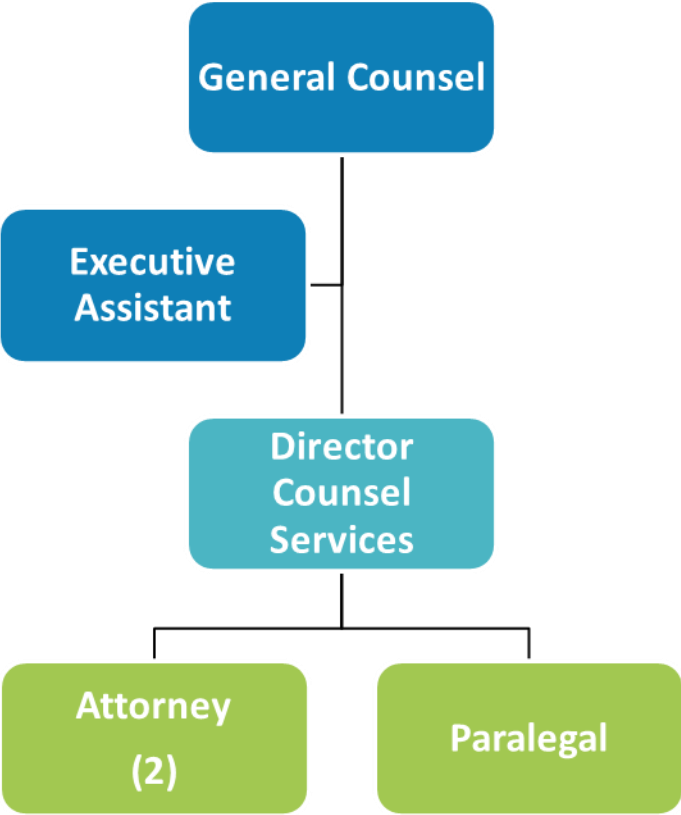
Major Drivers of FY 2019 Budget & FY 2020 Conceptual Budget

<i>(in thousands)</i>	Inc/(Dec) FY19 vs FY18	Inc/(Dec) FY20 Conceptual vs FY19
FY 2018 Budget / FY 2019 Budget	\$ 1,142	\$ 967
Personnel costs		
Burden (benefits & employer taxes) for current staff *	(47)	11
Salary adjustments and pay-for-performance *	(93)	18
Total Increase / (Decrease) in personnel costs	(140)	29
Memberships & Dues	(29)	7
Other, net	(5)	-
Total Increase / (Decrease) in non-personnel costs	(34)	7
Total Increase / (Decrease)	(174)	36
FY 2019 Budget / FY 2020 Conceptual Budget	\$ 967	\$ 1,003

* 1 position transferred to Talent, Culture & Capability.

Executive Division – General Counsel

FY 2019 – FY 2020 Organizational Structure



No personnel changes in FY 2020.

Executive Division – General Counsel

FY 2019 Budget – FY 2020 Expense Conceptual Budget Summary

<i>(in thousands)</i>	FY2017 Actuals	FY2018 Budget	FY 2019 Budget	Inc / (Dec) FY 19 vs FY18 Budget	% Change	FY 2020 Conceptual Budget	Inc / (Dec) FY 20 Conceptual vs FY 19 Budget	% Change
Operating Expenses								
Salaries & Wages	\$ 810	\$ 889	\$ 854	\$ (35)	-4.0%	\$ 884	\$ 30	3.5%
Overtime	-	-	-	-	0.0%	-	-	0.0%
Benefits	288	372	356	(16)	-4.3%	375	19	5.3%
Subtotal	1,097	1,261	1,210	(51)	-4.1%	1,259	49	4.0%
Less: Capitalized Labor Recharge	-	-	-	-	0.0%	-	-	0.0%
Less: QHP Labor Recharge	-	-	-	-	0.0%	-	-	0.0%
Total Personnel Costs	1,097	1,261	1,210	(51)	-4.1%	1,259	49	4.0%
Contractual Services	450	760	760	-	0.0%	610	(150)	-19.7%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	0	0	0	(0)	-80.0%	0	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	16	1	11	10	1000.0%	11	-	0.0%
Operating Supplies	4	4	4	-	0.0%	4	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Development	47	42	57	15	35.9%	58	1	1.5%
Business Development	6	12	9	(3)	-22.9%	9	-	0.0%
Equipment Rentals and Repairs	-	-	-	-	0.0%	-	-	0.0%
Tenant Improvements	-	-	-	-	0.0%	-	-	0.0%
Total Non-Personnel Costs	524	819	841	22	2.7%	692	(149)	-17.7%
Total Operating Expenses	1,622	2,080	2,051	(29)	-1.4%	1,951	(100)	-4.9%
Joint Studies / Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlement Expense	10	10	10	-	0.0%	10	-	0.0%
Other Non-Operating Expenses	10	10	10	-	0.0%	10	-	0.0%
Total Expenses	1,631	2,090	2,061	(29)	-1.4%	1,961	(100)	-4.9%
Equipment Outlay Expenditures	-	-	-	-	0.0%	-	-	0.0%
Total Authority Expenses Incl Equip Outlay	\$ 1,631	\$ 2,090	\$ 2,061	\$ (29)	-1.4%	\$ 1,961	\$ (100)	-4.9%

Executive Division – General Counsel

Major Drivers of FY 2019 Budget & FY 2020 Conceptual Budget

<i>(in thousands)</i>	Inc/(Dec) FY19 vs FY18	Inc/(Dec) FY20 Conceptual vs FY19
FY 2018 Budget / FY 2019 Budget	\$ 2,090	\$ 2,061
Personnel costs		
Burden (benefits & employer taxes) for current staff	(16)	19
Salary adjustments and pay-for-performance	(35)	30
Total Increase / (Decrease) in personnel costs	(51)	49
Legal Services	-	(150)
Other, net	22	1
Total Increase / (Decrease) in non-personnel costs	22	(149)
Total Increase / (Decrease)	(29)	(100)
FY 2019 Budget / FY 2020 Conceptual Budget	\$ 2,061	\$ 1,961

Executive Division – General Counsel

FY 2018 Progress Report

1. Contain outside legal counsel costs by using in-house legal staff where feasible, negotiating competitive hourly rates and per-case rates through close review of outside counsel invoices.

Progress: Despite being short staffed for most of the year, outside counsel costs was contained and under budget. During this period, timely and effective advice was consistently given.

Strategic Goal:

- Financial, execute a Plan of Finance that provides the financial resources necessary to achieve the FY 2022 Future State while maintaining the enterprise’s strong financial position.

2. Provide timely and professional legal services in preparing, reviewing, executing and enforcing Airport Authority contracts and agreements to meet the needs of the Airport Authority while complying with all applicable laws.

Progress: Successful in providing timely and effective advice. Assisted staff in conducting a successful RFP for the air cargo facility and the airport support facilities—both of which involved a very aggressive schedule.

Strategic Goal:

- Customer, exceed our customers’ expectations by introducing innovative service and facility enhancements.

3. Increase knowledge of General Counsel Staff regarding emerging airport related issues by having them participate in continuing education and seminars addressing specialized area of the law.

Progress: The attorneys attended ACI Legal Seminars and legal seminars throughout the year focusing on issues that face SDIA. In addition, their attendance allowed them to connect with other airport lawyers to build their professional network while positively representing SDIA in the community.

Strategic Goal:

- Employee, develop leaders and a workforce aligned to the needs of our Strategic Plan and an inclusive environment that reflects the diversity of our community.

Executive Division – General Counsel

FY 2019 – FY 2020 Goals

1. Provide legal support and guidance regarding environmental issues related to the ADP

Strategic Goal:

- Customer, exceed our customers' expectations by introducing innovative service and facility enhancements.

Strategic Initiative:

- 1B. Advance the ADP

2. Provide legal support and guidance regarding the chosen project delivery method for the ADP.

Strategic Goal:

- Financial, execute a Plan of Finance that provides the financial resources necessary to achieve the FY 2022 Future State while maintaining the enterprise's strong financial position.

Strategic Initiative:

- 5C. Evaluate multiple funding methods for the Capital Program (ADP and CIP)

3. Promote continued education and advancement of staff regarding legal issues facing the Airport.

Strategic Goal:

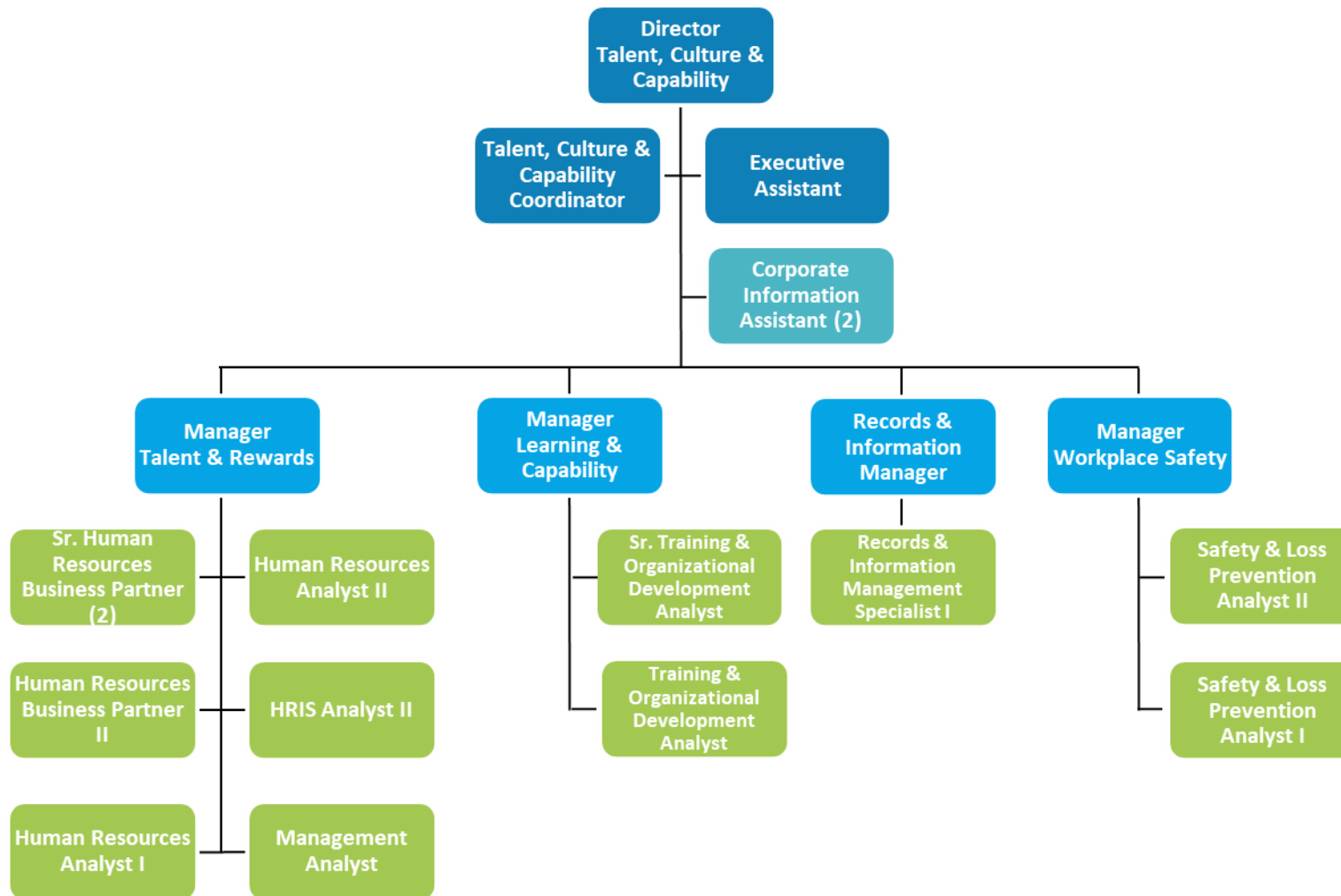
- Employee, develop leaders and a workforce aligned to the needs of our Strategic Plan and an inclusive environment that reflects the diversity of our community.

Strategic Initiative:

- 4B. Develop leaders to be better coaches who enable independent decision making

Executive Division – Talent, Culture & Capability

FY 2019 – FY 2020 Organizational Structure



No personnel changes in FY 2020.

Executive Division – Talent, Culture & Capability

FY 2019 Budget – FY 2020 Expense Conceptual Budget Summary

<i>(in thousands)</i>	FY2017 Actuals	FY2018 Budget	FY 2019 Budget	Inc / (Dec) FY 19 vs FY18 Budget	% Change	FY 2020 Conceptual Budget	Inc / (Dec) FY 20 Conceptual vs FY 19 Budget	% Change
Operating Expenses								
Salaries & Wages	\$ 1,430	\$ 1,645	\$ 1,976	\$ 331	20.1%	\$ 2,046	\$ 70	3.5%
Overtime	0	-	-	-	0.0%	-	-	0.0%
Benefits	631	724	903	179	24.7%	958	55	6.1%
Subtotal	2,062	2,370	2,880	510	21.5%	3,005	125	4.3%
Less: Capitalized Labor Recharge	(27)	-	-	-	0.0%	-	-	0.0%
Less: QHP Labor Recharge	-	-	-	-	0.0%	-	-	0.0%
Total Personnel Costs	2,035	2,370	2,880	510	21.5%	3,005	125	4.3%
Contractual Services	663	487	630	143	29.4%	620	(11)	-1.7%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	0	1	0	(0)	-53.3%	0	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	33	5	3	(2)	-33.0%	3	(0)	-3.0%
Operating Supplies	7	5	15	10	195.0%	15	-	0.0%
Insurance	-	-	1	1	0.0%	1	-	0.0%
Employee Development	317	320	224	(96)	-30.0%	224	(0)	0.0%
Business Development	44	65	81	17	25.8%	81	(0)	-0.1%
Equipment Rentals and Repairs	74	40	46	6	14.5%	46	-	0.0%
Tenant Improvements	-	-	-	-	0.0%	-	-	0.0%
Total Non-Personnel Costs	1,139	923	1,001	78	8.5%	990	(11)	-1.1%
Total Operating Expenses	3,173	3,292	3,881	588	17.9%	3,995	114	2.9%
Joint Studies / Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlement Expense	-	-	-	-	0.0%	-	-	0.0%
Other Non-Operating Expenses	-	-	-	-	0.0%	-	-	0.0%
Total Expenses	3,173	3,292	3,881	588	17.9%	3,995	114	2.9%
Equipment Outlay Expenditures	-	20	20	-	0.0%	-	(20)	-100.0%
Total Authority Expenses Incl Equip Outlay	\$ 3,173	\$ 3,312	\$ 3,901	\$ 588	17.8%	\$ 3,995	\$ 94	2.4%

Executive Division – Talent, Culture & Capability

Major Drivers of FY 2019 Budget & FY 2020 Conceptual Budget

<i>(in thousands)</i>	Inc/(Dec) FY19 vs FY18	Inc/(Dec) FY20 Conceptual vs FY19
FY 2018 Budget / FY 2019 Budget	\$ 3,312	\$ 3,901
Personnel costs		
Salary adjustments and pay-for-performance *	331	70
Burden (benefits & employer taxes) for current staff *	179	55
Total Increase / (Decrease) in personnel costs	510	125
Safety consultants and programs transferred from Risk Management	112	-
Equipment outlay	-	(20)
Recruiting Services	(70)	-
Other, net	37	(11)
Total Increase / (Decrease) in non-personnel costs	78	(31)
Total Increase / (Decrease)	588	94
FY 2019 Budget / FY 2020 Conceptual Budget	\$ 3,901	\$ 3,995

* 3 positions transferred to Marketing, Arts & Air Service Development and 8 positions transferred from Corporate & Information Governance (4), Risk Management (3) and Executive Office (1).

Executive Division – Talent, Culture & Capability

FY 2018 Progress Report

1. Execute the onboarding plan for the new President / CEO to align stakeholder expectations, accelerate assimilation and increase success in role.

Progress: Execution of plan proceeding on target with mid-year performance evaluation complete and year end evaluation scheduled for May of 2018.

Strategic Goal:

- Employee, develop leaders and a workforce aligned to the needs of our Strategic Plan and an inclusive environment that reflects the diversity of our community.

2. Develop leadership behaviors, practices, and tools to support the Five Year Strategic Plan implementation and execution.

Progress: Quarterly leadership development opportunities have been delivered or are scheduled through the end of the fiscal year with content aligned to the identified areas of need.

Strategic Goal:

- Employee, develop leaders and a workforce aligned to the needs of our Strategic Plan and an inclusive environment that reflects the diversity of our community.

3. Integrate Talent Management software that provides management with effective, accurate, real-time talent metrics and reporting.

Progress: Recruiting and onboarding software have been implemented to complete the Talent Management suite. An RFP for integration is currently being developed.

Strategic Goal:

- Employee, develop leaders and a workforce aligned to the needs of our Strategic Plan and an inclusive environment that reflects the diversity of our community.

4. Enhance engagement practices and provide ongoing resources to assure we sustain a highly productive, diverse workforce.

Progress: A new employee engagement survey, OURVoice, was implemented in the fall with an 83% overall sustainable employee engagement rating, well above the 78% target. An action plan was developed to target areas of opportunity and is currently being executed. In addition, a Diversity strategy has been developed to assure we continue to attract and retain diverse workers.

Strategic Goal:

- Employee, develop leaders and a workforce aligned to the needs of our Strategic Plan and an inclusive environment that reflects the diversity of our community.

Executive Division – Talent, Culture & Capability

5. Develop and deliver education and tools to organizational leaders that encourage effective workforce planning, leadership, and career development.

Progress: A strategic planning retreat was delivered and new strategic plan reporting tools are in development. An ADP staffing plan is under development to integrate into the fiscal 2019 budget and 2020 conceptual budget.

Strategic Goal:

- Employee, develop leaders and a workforce aligned to the needs of our Strategic Plan and an inclusive environment that reflects the diversity of our community.

Executive Division – Talent, Culture & Capability

FY 2019 – FY 2020 Goals

1. Develop and refine workforce planning practices to anticipate and effectively address staffing and resource needs throughout the execution of the Airport Development Plan.

Strategic Goal:

- Employee, develop leaders and a workforce aligned to the needs of our Strategic Plan and an inclusive environment that reflects the diversity of our community.

Strategic Initiative:

- 4E. Determine innovative, flexible organizational staffing needs that reflect the ADP and capital program

2. Execute employee engagement and diversity action plans to assure the Airport Authority attracts and retains highly skilled workers.

Strategic Goal:

- Employee, develop leaders and a workforce aligned to the needs of our Strategic Plan and an inclusive environment that reflects the diversity of our community.

Strategic Initiative:

- 4C. Attract a new generation of diverse employees and leaders

3. Deliver leadership and career development opportunities that target skills development in areas identified as critical to sustaining the continued success of the organization.

Strategic Goal:

- Employee, develop leaders and a workforce aligned to the needs of our Strategic Plan and an inclusive environment that reflects the diversity of our community.

Strategic Initiative:

- 4F. Train and develop business driven, agile and collaborative capabilities

4. Continue long-term initiative to enhance workplace safety, reduce hazards, and maintain compliance.

Strategic Goal:

- Employee, develop leaders and a workforce aligned to the needs of our Strategic Plan and an inclusive environment that reflects the diversity of our community.

Strategic Initiative:

- 4F. Train and develop business driven, agile and collaborative capabilities

5. Explore options for providing access to public documents house in the Enterprise Content Management System (ECMS) via the Airport Authority's website.

Strategic Goal:

- Customer, exceed our customers' expectations by introducing innovative service and facility enhancements.

Strategic Initiative:

- 5B. Invest/participate in innovation that improves efficiency or enhances revenue

Executive Division – Risk Management

FY 2019 Budget – FY 2020 Expense Conceptual Budget Summary

<i>(in thousands)</i>	FY2017 Actuals	FY2018 Budget	FY 2019 Budget	Inc / (Dec) FY19 Proposed vs FY18 Budget	% Change	FY 2020 Conceptual Budget	Inc / (Dec) FY20 Conceptual vs FY19 Budget	% Change
Operating Expenses ⁽¹⁾								
Salaries & Wages	554	672	-	(672)	-100.0%	-	-	0.0%
Overtime	-	-	-	-	0.0%	-	-	0.0%
Benefits	240	256	-	(256)	-100.0%	-	-	0.0%
Subtotal	794	928	-	(928)	-100.0%	-	-	0.0%
Less: Capitalized Labor Recharge			-	-	0.0%	-	-	0.0%
Less: QHP Labor Recharge			-	-	0.0%	-	-	0.0%
Total Personnel Costs	794	928	-	(928)	-100.0%	-	-	0.0%
Contractual Services	324	371	-	(371)	-100.0%	-	-	0.0%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	0	0	-	(0)	-100.0%	-	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	13	6	-	(6)	-100.0%	-	-	0.0%
Operating Supplies	22	11	-	(11)	-100.0%	-	-	0.0%
Insurance	956	1,203	-	(1,203)	-100.0%	-	-	0.0%
Employee Development	67	34	-	(34)	-100.0%	-	-	0.0%
Business Development	29	11	-	(11)	-100.0%	-	-	0.0%
Equipment Rentals and Repairs	-	-	-	-	0.0%	-	-	0.0%
Tenant Improvements	-	-	-	-	0.0%	-	-	0.0%
Total Non-Personnel Costs	1,412	1,635	-	(1,635)	-100.0%	-	-	0.0%
Total Operating Expenses	2,206	2,563	-	(2,563)	-100.0%	-	-	0.0%
Joint Studies / Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlement Expense	-	-	-	-	0.0%	-	-	0.0%
Other Non-Operating Expenses	-	-	-	-	0.0%	-	-	0.0%
Total Expenses	2,206	2,563	-	(2,563)	-100.0%	-	-	0.0%
Equipment Outlay Expenditures	-	-	-	-	0.0%	-	-	0.0%
Total Authority Expenses Incl Equip Outlay	2,206	2,563	-	(2,563)	-100.0%	-	-	0.0%

⁽¹⁾ Risk Management department was dissolved. The personnel and non-personnel expenses transferred to Finance & Risk Management and Talent, Culture & Capability departments.

Executive Division – Risk Management

FY 2018 Progress Report

1. Conduct a three-department test phase of an Enterprise-Wide Risk Management program. The pilot program will run throughout FY 2018 in an effort to refine the program in order to put it in line for Airport Authority wide rollout in FY 2019.

Progress: Due to staffing challenges and Airport Authority-wide capacity issues, this program was put on hold.

Strategic Goal:

- Financial, execute a Plan of Finance that provides the financial resources necessary to achieve the FY 2022 Future State while maintaining the enterprise’s strong financial position.

2. With the data received from analytics performed in FY 2017, redesign all relevant insurance programs and risk tools at the Airport Authority to meet the changing landscape of how the airport conducts its construction and operational programs, given the introduction of alternative financing tools and methods of operational performance.

Progress: Completed. Construction program was analyzed and redesigned to become a General Liability only program and the Operational programs were also analyzed, redesigned and renewed at reduced costs and with enhanced terms and conditions at a total cost savings of 14% (approx. \$215,000).

Strategic Goal:

- Financial, execute a Plan of Finance that provides the financial resources necessary to achieve the FY 2022 Future State while maintaining the enterprise’s strong financial position.

3. Pursue a sustainable Employee Safety program by continuing to develop long term initiatives to enhance employee work safety and reduce workplace hazards.

Progress: Revisions to Occupational Safety and Health Administration (OSHA) required safety programs are continuing – with emphasis on the most critical and those with the highest risk-exposure. Electronic safety inspection forms have been implemented for better incident and near-miss tracking. New training programs have been developed and implemented, including an “Introduction to Workers Compensation” for managers. A dashboard has been developed and launched for workers compensation statistics and trends to keep senior staff focused on safety.

Strategic Goal:

- Employee, develop leaders and a workforce aligned to the needs of our Strategic Plan and an inclusive environment that reflects the diversity of our community.

DEVELOPMENT DIVISION



19
98

TERMINAL 2 GROWS
A 300,000 SQUARE-FOOT
EXPANSION OF TERMINAL
2 IS COMPLETED.

Development Division

Overview

The **Development Division** is responsible for long-term airport facility and infrastructure planning, infrastructure design and construction, and compliance with legislative mandates for environmental and land-use matters. The legislative compliance includes local, state and federal environmental laws, as well as providing support for the Airport Authority Board in reviewing land use decisions in the areas surrounding the region's 16 airports. The division frequently coordinates with local, state and federal regulatory agencies, regional transportation partners and the construction industry to accomplish the Airport Authority's goals.

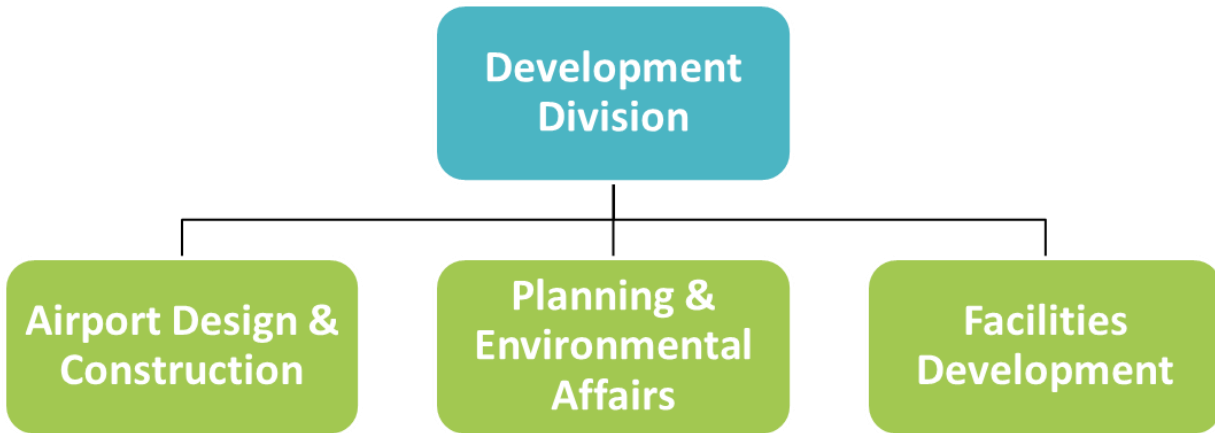
The **Airport Design and Construction (ADC)** department implements the Airport Authority's ADP, including the design and construction of terminal, airside and landside improvements. ADC is currently responsible for the completion of the Programmatic Design Document and contract procurement for the Terminal 1 replacement program; construction of the new (FIS) facility, which is 134,000 square feet and will include six gates used for processing international flights; and the implementation of the Airport Authority's Solar Photovoltaic (PV) program, which consists of construction of solar PV facilities at Terminal 2 West and in the Economy Parking Lot on the north side of the Airport. Both PV sites were procured using an innovative Power Purchase Agreement structure in which the Airport Authority does not pay for design, construction, operation and maintenance of the facility; and instead buys the generated electricity.

The **Facilities Development** department (**FDD**) has primary responsibility for the definition, planning, design, construction and close-out of Capital Improvement Program (CIP) and Major Maintenance Program (MMP) projects. FDD also provides technical and professional on-call services for CIP, MMP, tenant improvement and broader Airport Authority needs, which include planning and implementation of the Computer Aided Drafting, Geographical Information System and Lease plans. Further, FDD provides construction inspection, review and oversight of tenant improvement projects to meet the needs of the airlines and concessionaires operating at the airport. In addition, FDD is responsible for the comprehensive planning and implementation of the overall energy plan and oversight of the Life Cycle Cost Management Program.

The **Planning & Environmental Affairs** department manages airport land use compatibility and master planning, environmental compliance, sustainability initiatives, and noise mitigation programs for the Airport Authority. The department conducts all short and long-range planning, including preparing and maintaining the airport master plan for San Diego International Airport. The department ensures compliance with a variety of state and federal environmental laws, related to development project review, air and water quality, waste reduction, and endangered species management. It also administers all noise-related policies and programs, including the airport's departure curfew and residential sound insulation efforts ("Quieter Home Program"). Finally, the department supports the Airport Land Use Commission in ensuring compatibility between all 16 airports in San Diego County and future land use projects within their vicinity.

Development Division

FY 2019 – FY 2020 Organizational Structure



Division Personnel Summary

	FY 2017 Budget	FY 2018 Budget	FY 2019 Budget Transfers	FY 2019 Budget New/ (Eliminated)	FY 2019 Budget	FY 2020 Budget New/ (Eliminated)	FY 2020 Conceptual Budget
Development Division							
Airport Design & Construction ⁽¹⁾	13	14	-	1	15	-	15
Facilities Development ⁽²⁾	39	38	(3)	-	35	-	35
Planning & Environmental Affairs ⁽³⁾	30	30	(1)	-	29	-	29
QHP & Noise Mitigation	10	10	-	-	10	-	10
Environmental Affairs	10	10	-	-	10	-	10
Airport Planning	10	10	(1)	-	9	-	9
Total Authorized Funded Positions	82	82	(4)	1	79	-	79

⁽¹⁾ 1 position transferred to Finance and Risk Management and 1 position transferred from Planning & Environmental Affairs.

⁽²⁾ 3 positions transferred to Information & Technology Services (2) and Finance & Risk Management (1).

⁽³⁾ 1 position transferred to Airport Design & Construction.

Development Division

FY 2019 Budget – FY 2020 Expense Conceptual Budget Summary

<i>(in thousands)</i>	FY2017 Actuals	FY2018 Budget	FY 2019 Budget	Inc / (Dec) FY 19 vs FY18 Budget	% Change	FY 2020 Conceptual Budget	Inc / (Dec) FY 20 Conceptual vs FY 19 Budget	% Change
Operating Expenses								
Salaries & Wages	\$ 6,878	\$ 7,388	\$ 7,215	\$ (174)	-2.4%	\$ 7,512	\$ 297	4.1%
Overtime	4	20	5	(15)	-75.0%	5	-	0.0%
Benefits	2,841	3,524	3,286	(237)	-6.7%	3,494	207	6.3%
Subtotal	9,723	10,932	10,506	(426)	-3.9%	11,010	504	4.8%
Less: Capitalized Labor Recharge	(5,073)	(5,983)	(5,896)	87	-1.4%	(6,168)	(271)	4.6%
Less: QHP Labor Recharge	(229)	(717)	(610)	108	-15.0%	(649)	(39)	6.5%
Total Personnel Costs	4,421	4,232	4,000	(232)	-5.5%	4,194	194	4.8%
Contractual Services	5,749	5,439	5,223	(216)	-4.0%	5,071	(152)	-2.9%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	10	21	6	(15)	-71.6%	7	1	12.0%
Maintenance	1,625	1,477	1,402	(75)	-5.1%	1,412	10	0.7%
Operating Equipment & Systems	14	13	5	(8)	-60.6%	6	1	26.3%
Operating Supplies	43	34	55	21	63.3%	56	1	1.5%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Development	253	251	246	(6)	-2.2%	245	(1)	-0.4%
Business Development	184	190	173	(17)	-8.8%	180	7	4.2%
Equipment Rentals and Repairs	202	255	111	(144)	-56.4%	207	96	86.1%
Tenant Improvements	555	850	800	(50)	-5.9%	824	24	3.0%
Total Non-Personnel Costs	8,635	8,530	8,021	(508)	-6.0%	8,008	(13)	-0.2%
Total Operating Expenses	13,056	12,762	12,021	(740)	-5.8%	12,202	181	1.5%
Joint Studies / Sound Attenuation	2,199	14,640	15,077	437	3.0%	15,011	(66)	-0.4%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlement Expense	-	-	-	-	0.0%	-	-	0.0%
Other Non-Operating Expenses	2,425	14,640	15,077	437	3.0%	15,011	(66)	-0.4%
Total Expenses	15,481	27,402	27,098	(304)	-1.1%	27,213	115	0.4%
Equipment Outlay Expenditures	66	-	67	67	0.0%	128	61	91.0%
Total Authority Expenses Incl Equip Outlay	\$ 15,546	\$ 27,402	\$ 27,165	\$ (237)	-0.9%	\$ 27,341	\$ 176	0.6%

Development Division

Major Drivers of FY 2019 Budget & FY 2020 Conceptual Budget

(in thousands)

	Inc/(Dec) FY19 vs FY18	Inc/(Dec) FY20 Conceptual vs FY19
FY 2018 Budget / FY 2019 Budget	\$ 27,402	\$ 27,165
Personnel costs		
Capitalized labor *	194	(155)
1 new position of Estimator III (salaries & burden), net of capitalized labor	6	-
Salary adjustments and pay-for-performance *	(195)	259
Burden (benefits & employer taxes) for current staff *	(237)	90
Total Increase / (Decrease) in personnel costs	(232)	194
Joint Studies / Sound Attenuation	411	29
Program Management Consulting Services	226	14
Airport Planning and Land Use Projects	(109)	84
Environmental consulting services	(370)	(250)
Other, net	(162)	105
Total Increase / (Decrease) in Non-Personnel Costs	(5)	(18)
Total Increase / (Decrease)	(237)	176
FY 2019 Budget / FY 2020 Conceptual Budget	\$ 27,165	\$ 27,341

* 4 positions transferred to Finance division.

Development Division

FY 2019 Expense Budget by Department

(in thousands)

Departments	FY 2019 Budget
Planning & Environmental Affairs	\$ 24,455
Facilities Development	2,408
Airport Design & Construction	301
Total ⁽¹⁾	\$ 27,165

⁽¹⁾ Total may differ due to rounding

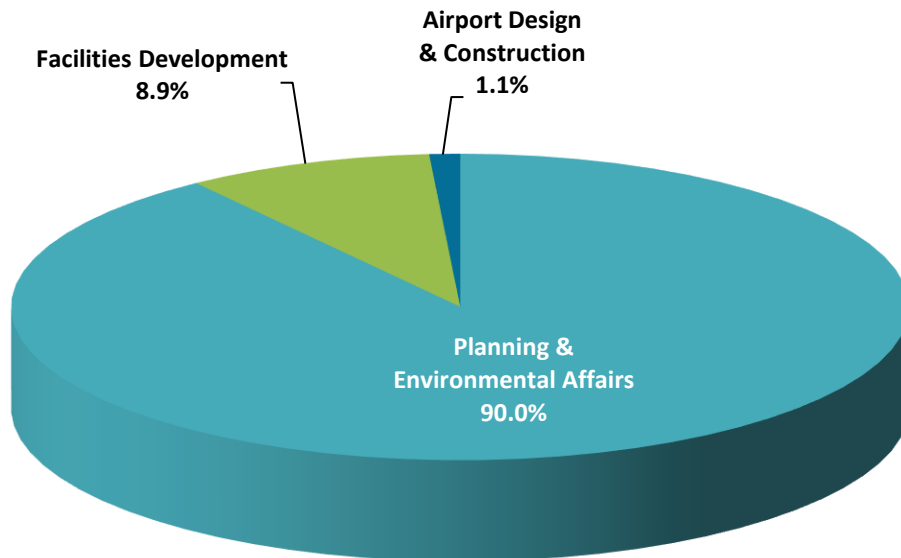


Figure 26 – FY 2019 Expense Budget by Department

Development Division

FY 2020 Expense Conceptual Budget by Department

(in thousands)

Departments	FY 2020 Conceptual Budget
Planning & Environmental Affairs	\$ 24,474
Facilities Development	2,588
Airport Design & Construction	278
Total ⁽¹⁾	\$ 27,341

⁽¹⁾ Total may differ due to rounding

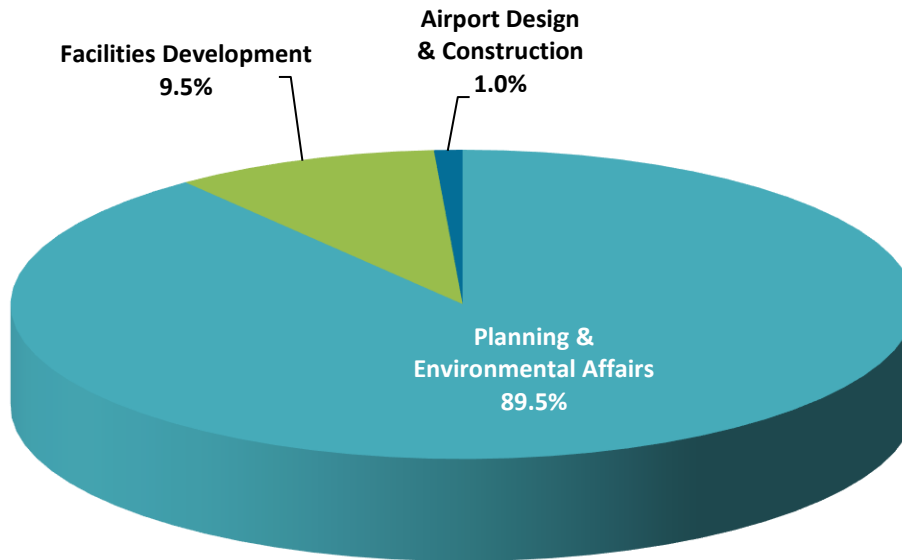


Figure 27 – FY 2020 Expense Conceptual Budget by Department

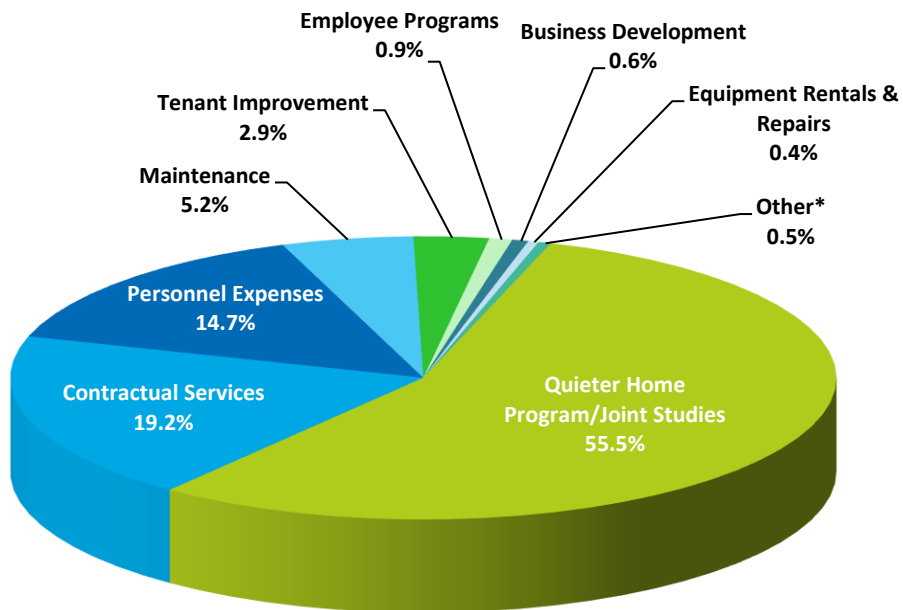
Development Division

FY 2019 Expense Budget by Category

(in thousands)

Category	FY 2019 Budget
Quieter Home Program/Joint Studies	\$ 15,077
Contractual Services	5,223
Personnel Expenses	4,000
Maintenance	1,402
Tenant Improvement	800
Employee Programs	246
Business Development	173
Equipment Rentals & Repairs	111
Other*	133
Total ⁽¹⁾	\$ 27,165

⁽¹⁾ Total may differ due to rounding



*Other includes operating equipment & systems, utilities and operating supplies, equipment rentals & repairs, legal settlements, etc.

Figure 28 – FY 2019 Expense Budget by Category

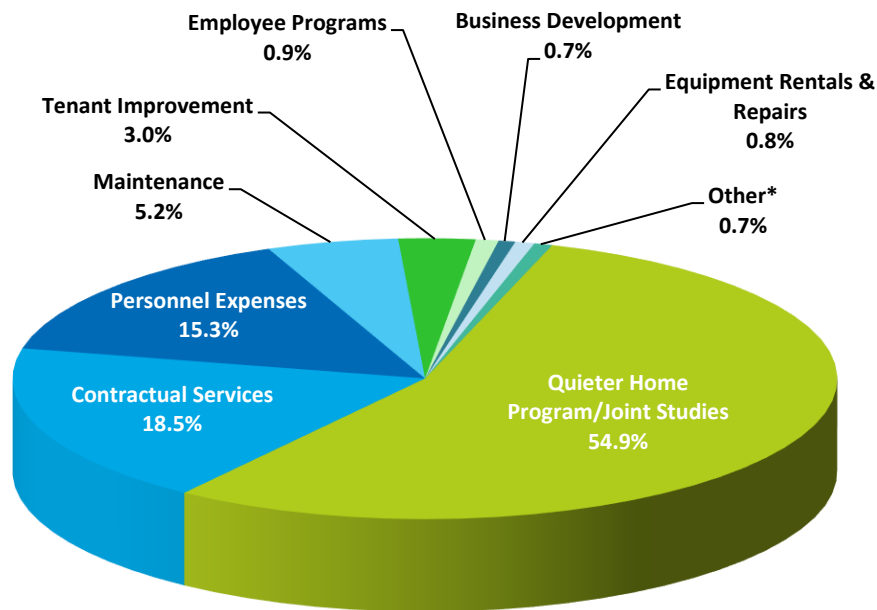
Development Division

FY 2020 Expense Conceptual Budget by Category

(in thousands)

Category	FY 2020 Conceptual Budget
Quieter Home Program/Joint Studies	\$ 15,011
Contractual Services	5,071
Personnel Expenses	4,194
Maintenance	1,412
Tenant Improvement	824
Employee Programs	245
Equipment Rentals & Repairs	207
Business Development	180
Other*	197
Total ⁽¹⁾	\$ 27,341

⁽¹⁾ Total may differ due to rounding

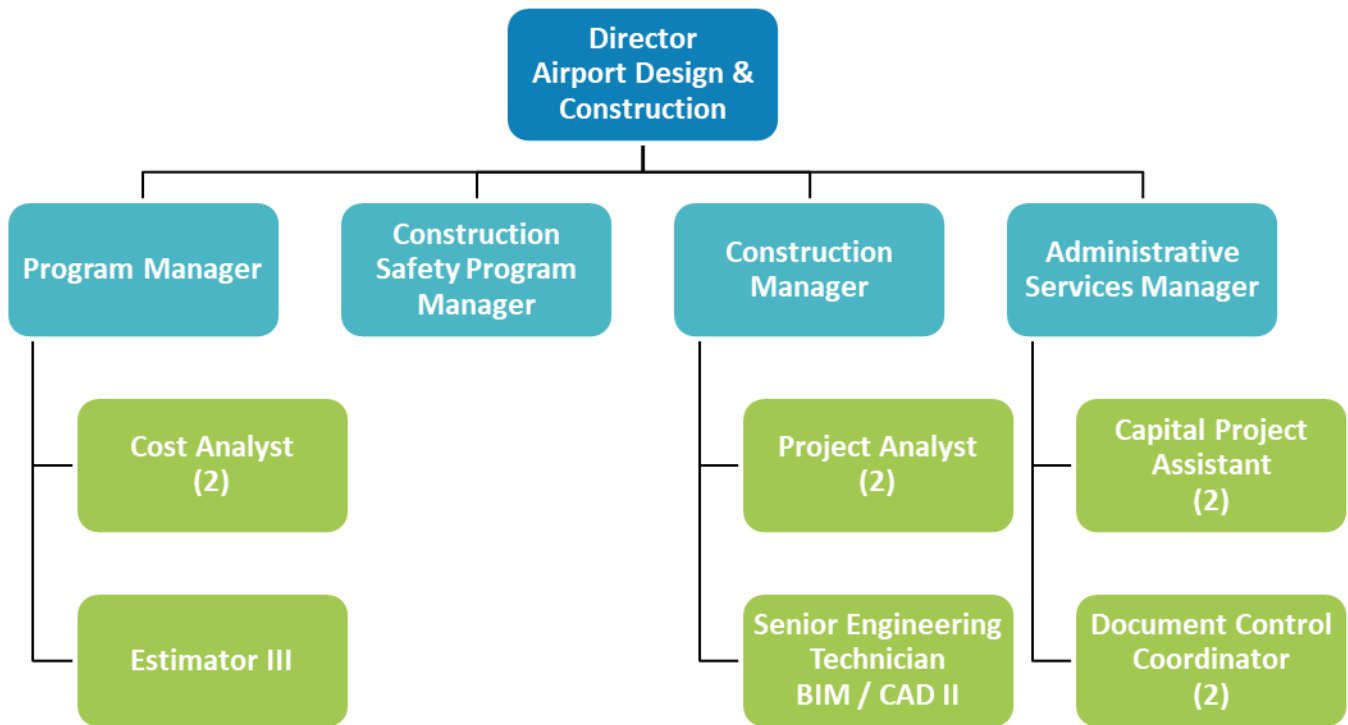


*Other includes operating equipment & systems, utilities and operating supplies, equipment rentals & repairs, legal settlements, etc.

Figure 29 – FY 2020 Expense Conceptual Budget by Category

Development Division – Airport Design & Construction

FY 2019 – FY 2020 Organizational Structure



No personnel changes in FY 2020.

Development Division – Airport Design & Construction

FY 2019 Budget – FY 2020 Expense Conceptual Budget Summary

<i>(in thousands)</i>	FY2017 Actuals	FY2018 Budget	FY 2019 Budget	Inc / (Dec) FY 19 vs FY18 Budget	% Change	FY 2020 Conceptual Budget	Inc / (Dec) FY 20 Conceptual vs FY 19 Budget	% Change
Operating Expenses								
Salaries & Wages	\$ 1,275	\$ 1,285	\$ 1,400	\$ 116	9.0%	\$ 1,456	\$ 56	4.0%
Overtime	0	-	-	-	0.0%	-	-	0.0%
Benefits	539	640	690	50	7.8%	734	44	6.3%
Subtotal	1,814	1,925	2,090	166	8.6%	2,190	100	4.8%
Less: Capitalized Labor Recharge	(1,643)	(1,704)	(2,005)	(302)	17.7%	(2,101)	(96)	4.8%
Less: QHP Labor Recharge				-	0.0%		-	0.0%
Total Personnel Costs	171	221	85	(136)	-61.5%	89	4	4.8%
Contractual Services	140	155	160	5	3.5%	160	0	0.2%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	2	2	2	-	0.0%	3	1	38.9%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	2	-	(2)	(2)	0.0%	(2)	(1)	38.9%
Operating Supplies	2	4	2	(2)	-45.2%	3	1	36.9%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Development	6	3	8	5	160.3%	8	(0)	0.0%
Business Development	11	14	16	2	17.6%	22	6	38.3%
Equipment Rentals and Repairs	13	3	(6)	(9)	-296.2%	(5)	1	-14.2%
Tenant Improvements			-	-	0.0%	-	-	0.0%
Total Non-Personnel Costs	176	181	181	0	0.2%	189	8	4.5%
Total Operating Expenses	347	402	266	(135)	-33.7%	278	12	4.6%
Joint Studies / Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlement Expense	-	-	-	-	0.0%	-	-	0.0%
Other Non-Operating Expenses	-	-	-	-	0.0%	-	-	0.0%
Total Expenses	347	402	266	(135)	-33.7%	278	12	4.6%
Equipment Outlay Expenditures	-	-	35	35	0.0%	-	(35)	-100.0%
Total Authority Expenses Incl Equip Outlay	\$ 347	\$ 402	\$ 301	\$ (100)	-25.0%	\$ 278	\$ (23)	-7.6%

Development Division – Airport Design & Construction

Major Drivers of FY 2019 Budget & FY 2020 Conceptual Budget

<i>(in thousands)</i>	Inc/(Dec) FY19 vs FY18	Inc/(Dec) FY20 Conceptual vs FY19
FY 2018 Budget / FY 2019 Budget	\$ 402	\$ 301
Personnel costs		
Salary adjustments and pay-for-performance *	110	56
Burden (benefits & employer taxes) for current staff *	50	44
1 new position of Estimator III (salaries & burden), net of capitalized labor	6	-
Capitalized labor *	(302)	(96)
Total Increase / (Decrease) in personnel costs	(136)	4
Other, net	35	(27)
Total Increase / (Decrease) in Non-Personnel Costs	35	(27)
Total Increase / (Decrease)	(100)	(23)
FY 2019 Budget / FY 2020 Conceptual Budget	\$ 301	\$ 278

* 1 position transferred to Finance & Risk Management and 1 position transferred from Planning & Environmental Affairs.

Development Division – Airport Design & Construction

FY 2018 Progress Report

1. ADC will manage construction on the Parking Plaza project to meet construction milestones and a substantial completion date for the program within, or better than, the established “GMP Baseline” schedule. ADC will manage a final cost for the Parking Plaza project within or better than the approved budget of \$127.8M.

Measures of success:

- Over the course of the Parking Plaza project, proactively manage the schedule to ensure all milestone schedule dates are met
- Project is completed and generating parking revenue on scheduled opening date
- Over the course of the Parking Plaza project, proactively manage added scope, by limiting additional scope to not exceed the total Program Reserve Fund
- Maintain an efficient, lean and cost effective staff that will result in a staff budget cost within the program budget at the end-of-project

Progress: All milestone dates have been met and project will complete on schedule. Currently, the proposed estimate at completion is trending at \$114.8M, a projected budget savings of \$13M.

Strategic Goals:

- Financial, execute a Plan of Finance that provides the financial resources necessary to achieve the FY 2022 Future State while maintaining the enterprise’s strong financial position.
- Customer, exceed our customers’ expectations by introducing innovative service and facility enhancements.

2. ADC will manage construction on the Terminal 2 West FIS project to meet construction milestones and a substantial completion date for the program within, or better than, the established “GMP Baseline” schedule. ADC will manage a final cost for the Terminal 2 West FIS project within or better than the approved budget of \$229M.

Measures of success:

- Over the course of the Terminal 2 West FIS project, proactively manage the schedule to ensure all milestone schedule dates are met
- Project is completed and processing international passengers on scheduled opening date
- Over the course of the Terminal 2 West FIS project, proactively manage added scope, by limiting additional scope to not exceed the total Program Reserve Fund
- Maintain an efficient, lean and cost effective staff that will result in a staff budget cost within the program budget at the end-of-project

Progress: All milestone dates have been met and project is trending to complete on schedule. Currently, the proposed estimate at completion is trending at \$221M, a projected budget savings of \$8.5M.

Strategic Goals:

- Financial, execute a Plan of Finance that provides the financial resources necessary to achieve the FY 2022 Future State while maintaining the enterprise’s strong financial position.
- Operations, grow and efficiently manage capacity for future demand, both landside and airside, including international facilities.

Development Division – Airport Design & Construction

3. Progress and complete the Programmatic Document development for the Terminal 1 Replacement (T1-RP Phase 1), establish a program budget and begin the procurement process for the contract necessary to deliver the T1-RP on the schedule set by the Board.

Measures of success:

- Over the course of the Programmatic Document development for the T1-RP Phase 1, proactively manage the schedule to ensure all milestone schedule dates are met
- Establish the program budget for the T1-RP Phase 1
- Begin the procurement phase of the T1-RP by the fourth quarter of FY 2018
- Coordinate with Airport Authority stakeholders to confirm planning criteria and define program requirements for the Terminal 1 Replacement, Phase 1

Progress: Although the programmatic document was put on hold until an airline engagement process was completed, efforts have been restarted to complete the draft programmatic document by June 2018, and the procurement phase is on schedule to begin in the fourth quarter of FY 2018.

Strategic Goals:

- Financial, execute a Plan of Finance that provides the financial resources necessary to achieve the FY 2022 Future State while maintaining the enterprise's strong financial position.
- Operations, grow and efficiently manage capacity for future demand, both landside and airside, including international facilities.
- Community, enhance community understanding of SAN as an economic engine and portal for prosperity.

4. Throughout the year, ensure robust communications for ADC employees and stakeholders (internal and external) to enhance the community's (public, professional and tenants) understanding of the department's active projects.

Measures of success:

- Timely completion of quarterly ADC CIP Oversight Committee reports and briefings to the Board and senior management
- Timely completion of monthly construction progress updates
- Timely completion of program updates for Aviation Matters
- Timely completion of weekly updates to the President/CEO for the Board report
- Provide ADC jobsite tours for internal/external stakeholders
- Provide communication of ADC program to external community groups

Progress: All communications have progressed with the ongoing projects managed by the department.

Strategic Goals:

- Community, enhance community understanding of SAN as an economic engine and portal for prosperity.
- Employee, develop leaders and a workforce aligned to the needs of our Strategic Plan and an inclusive environment that reflects the diversity of our community.

Development Division – Airport Design & Construction

FY 2019 – FY 2020 Goals

1. ADC will manage construction on the T2-W FIS project to meet construction milestones and a substantial completion date for the program within, or better than, the established “GMP Baseline” schedule. ADC will manage a final cost for the T2-W FIS project within or better than the approved budget of \$229 million.

Measures of success:

- Over the course of the T2-W FIS project, proactively manage the schedule to ensure all milestone schedule dates are met
- Project is completed and processing international passengers on scheduled opening date
- Over the course of the T2-W FIS project, proactively manage added scope, by limiting additional scope to not exceed the total Program Reserve Fund
- Maintain an efficient, lean and cost effective staff that will result in a staff budget cost within the program budget at the end-of-project

Strategic Goal:

- Financial, execute a Plan of Finance that provides the financial resources necessary to achieve the FY 2022 Future State while maintaining the enterprise’s strong financial position.
- Operations, grow and efficiently manage capacity, both landside and airside, including international facilities for future demand.

Strategic Initiative:

- 1A. Attract domestic and international airlines and passengers
- 1B. Advance the ADP
- 1C. Define and deliver a seamless, unique, consistent airport and product experience
- 2A. Align facilities to meet demand, both international and domestic

2. Progress and complete the Programmatic Document development for the Airport Development Program (ADP Phase 1), establish a program budget and begin the procurement process for the Contract necessary to deliver the ADP Phase 1 on the schedule set by the Board.

Measures of success:

- Over the course of the Programmatic Document development for the ADP Phase 1, proactively manage the schedule to ensure all milestone schedule dates are met
- Establish the program budget for the ADP Phase 1
- Begin the procurement phase of the ADP by the second quarter of FY 2019
- Coordinate with Airport Authority stakeholders to confirm planning criteria and define program requirements for the ADP Phase 1

Development Division – Airport Design & Construction

Strategic Goal:

- Financial, execute a Plan of Finance that provides the financial resources necessary to achieve the FY 2022 Future State while maintaining the enterprise's strong financial position.
- Operations, grow and efficiently manage capacity, both landside and airside, including international facilities for future demand.
- Community, enhance community understanding of SAN as an economic engine and portal for prosperity.

Strategic Initiative:

- 1A. Attract domestic and international airlines and passengers
 - 1B. Advance the ADP
 - 1C. Define and deliver a seamless, unique, consistent airport and product experience
 - 2A. Align facilities to meet demand, both international and domestic
3. Throughout the year, ensure robust communications for ADC employees and stakeholders (internal and external) to enhance the community's (public, professional, tenants and employees) understanding of the Airport Authority's active projects, initiatives, and culture.

Measures of success:

- Timely completion of quarterly ADC CIPOC reports and briefings to the Board and senior management
- Timely completion of monthly construction progress updates
- Timely completion of program updates for Aviation Matters
- Timely completion of weekly updates to the President/CEO for the Board report
- Provide ADC jobsite tours for internal/external Stakeholders
- Provide communication of ADC program to external community groups
- Provide communication of ADC workplace culture to potential employees (internal/external)

Strategic Goal:

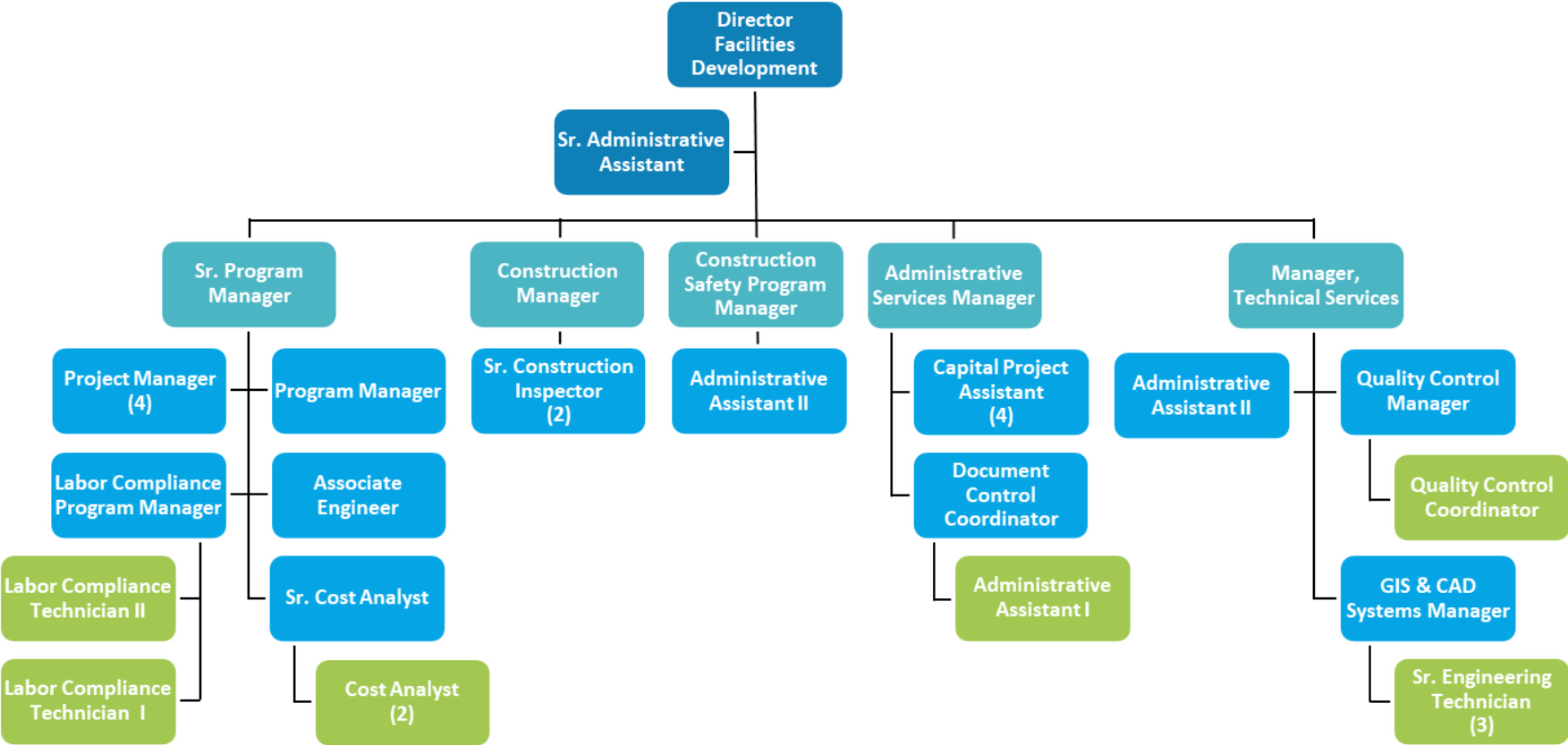
- Community, enhance community understanding of SAN as an economic engine and portal for prosperity.
- Employee, develop leaders and a workforce aligned to the needs of our Strategic Plan that reflects the diversity of our community.

Strategic Initiative:

- 3B. Solicit champions to tell our story
- 4B. Develop leaders to be better coaches who enable independent decision making
- 4C. Attract a new generation of diverse employees and leaders

Development Division – Facilities Development

FY 2019 – FY 2020 Organizational Structure



No personnel changes in FY 2020.

Development Division – Facilities Development

FY 2019 Budget – FY 2020 Expense Conceptual Budget Summary

<i>(in thousands)</i>	FY2017 Actuals	FY2018 Budget	FY 2019 Budget	Inc / (Dec) FY 19 vs FY18 Budget	% Change	FY 2020 Conceptual Budget	Inc / (Dec) FY 20 Conceptual vs FY 19 Budget	% Change
Operating Expenses								
Salaries & Wages	\$ 3,079	\$ 3,365	\$ 3,184	\$ (181)	-5.4%	\$ 3,309	\$ 125	3.9%
Overtime	4	20	5	(15)	-75.0%	5	-	0.0%
Benefits	1,255	1,588	1,419	(169)	-10.6%	1,505	86	6.1%
Subtotal	4,338	4,973	4,609	(365)	-7.3%	4,820	211	4.6%
Less: Capitalized Labor Recharge	(3,424)	(4,279)	(3,891)	388	-9.1%	(4,066)	(175)	4.5%
Less: QHP Labor Recharge	(4)	(22)	-	22	-100.0%	-	-	0.0%
Total Personnel Costs	911	672	718	46	6.8%	753	36	5.0%
Contractual Services	1,387	358	583	226	63.1%	597	14	2.4%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	2	8	3	(6)	-68.8%	3	-	0.0%
Maintenance	86	125	100	(25)	-20.0%	110	10	10.0%
Operating Equipment & Systems	4	1	(1)	(2)	-186.1%	(1)	0	-0.1%
Operating Supplies	13	4	23	19	478.9%	23	0	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Development	7	4	25	21	546.7%	25	0	0.0%
Business Development	17	20	17	(3)	-13.9%	17	-	0.0%
Equipment Rentals and Repairs	(48)	14	8	(5)	-39.5%	8	0	0.1%
Tenant Improvements	555	850	800	(50)	-5.9%	824	24	3.0%
Total Non-Personnel Costs	2,024	1,383	1,559	176	12.7%	1,607	48	3.1%
Total Operating Expenses	2,934	2,055	2,276	221	10.8%	2,360	84	3.7%
Joint Studies / Sound Attenuation	-	300	100	(200)	-66.7%	100	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlement Expense	-	-	-	-	0.0%	-	-	0.0%
Other Non-Operating Expenses	226	300	100	(200)	-66.7%	100	-	0.0%
Total Expenses	3,161	2,355	2,376	21	0.9%	2,460	84	3.5%
Equipment Outlay Expenditures	-	-	32	32	0.0%	128	96	300.0%
Total Authority Expenses Incl Equip Outlay	\$ 3,161	\$ 2,355	\$ 2,408	\$ 53	2.3%	\$ 2,588	\$ 180	7.5%

Development Division – Facilities Development

Major Drivers of FY 2019 Budget & FY 2020 Conceptual Budget

<i>(in thousands)</i>	Inc/(Dec) FY19 vs FY18	Inc/(Dec) FY20 Conceptual vs FY19
FY 2018 Budget / FY 2019 Budget	\$ 2,355	\$ 2,408
Personnel costs		
Capitalized labor *	410	(175)
Burden (benefits & employer taxes) for current staff *	(169)	86
Salary adjustments and pay-for-performance *	(196)	125
Total Increase / (Decrease) in personnel costs	46	36
Program Management Consulting Services	226	14
Joint Studies	(100)	-
Other, net	(118)	130
Total Increase / (Decrease) in Non-Personnel Costs	8	144
Total Increase / (Decrease)	53	180
FY 2019 Budget / FY 2020 Conceptual Budget	\$ 2,408	\$ 2,588

* 3 positions transferred to Information & Technology Services (2) and Finance & Risk Management (1).

Development Division – Facilities Development

FY 2018 Progress Report

1. Execute and deliver 90% of the CIP projects on time and within budget.

Progress: The FY 2018 – FY 2022 CIP consisting of 90 projects was approved by the Board in June 2017, with a CIP budget of approximately \$847.6 million. To date, FDD is on track with the CIP having approximately \$567.1 million active projects in process.

Strategic Goal:

- Financial, execute a Plan of Finance that provides the financial resources necessary to achieve the FY 2022 Future State while maintaining the enterprise’s strong financial position.

2. Accurately forecast the cost of future CIP projects by having the aggregate of the estimated construction costs for the CIP to be within 10% of the lowest bids submitted.

Progress: For FY18, one project was formally bid and that project was within the 10% window of accuracy for estimating.

Strategic Goal:

- Financial, execute a Plan of Finance that provides the financial resources necessary to achieve the FY 2022 Future State while maintaining the enterprise’s strong financial position.

3. Have zero audit findings for 90% of CIP projects and have 10% or less of CIP projects with “no significant” audit findings by June 30, 2018.

Progress: To date, FDD has zero audit findings on FY2018 and recently closed CIP projects.

Strategic Goal:

- Customer, exceed our customers’ expectations by introducing innovative service and facility enhancements.

Development Division – Facilities Development

FY 2019 – FY 2020 Goals

1. Execute and deliver the Airport Support Facilities on time and within budget to achieve milestones and assure facilities continue to meet growing passenger demand.

Strategic Goal:

- Operations, grow and efficiently manage capacity for future demand, both landside and airside, including international facilities.

Strategic Initiative:

- 1B. Advance the ADP

2. Provide support to Airport Authority departments who are engaged in airline lease negotiations with respect to the Capital Improvement Program.

Strategic Goal:

- Customer, exceed our customers' expectations by introducing innovative service and facility enhancements.

Strategic Initiative:

- 1A. Attract domestic and international airlines and passengers

3. Ensure existing facilities are operationally efficient through the execution of the Capital Improvement Program to minimize disruptions generated by the Airport Development Program.

Strategic Goal:

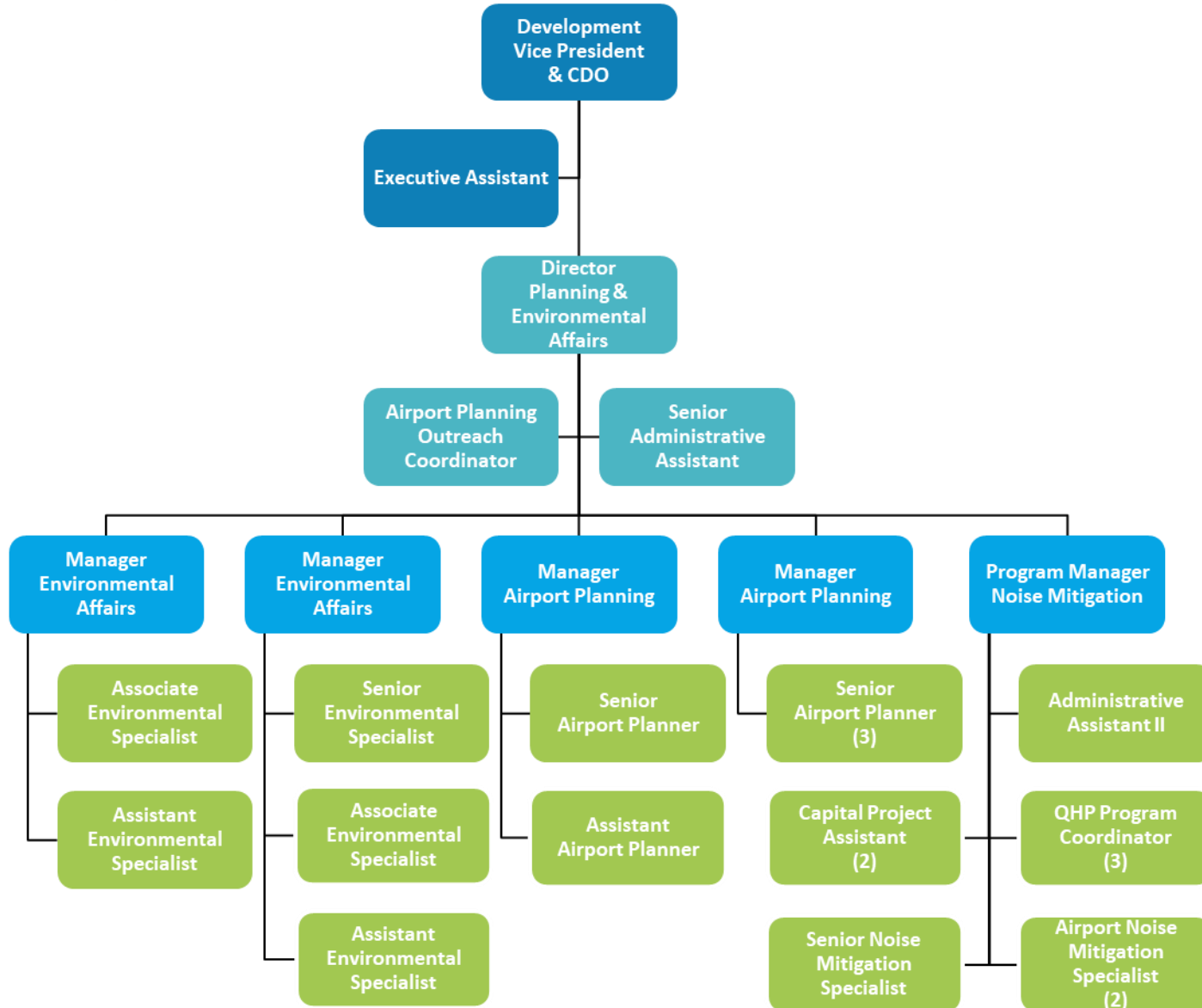
- Operations, grow and efficiently manage capacity for future demand, both landside and airside, including international facilities.

Strategic Initiative:

- 1B. Advance the ADP

Development Division – Planning & Environmental Affairs

FY 2019 – FY 2020 Organizational Structure



No personnel changes in FY 2020.

Development Division – Planning & Environmental Affairs

FY 2019 Budget – FY 2020 Expense Conceptual Budget Summary

<i>(in thousands)</i>	FY2017 Actuals	FY2018 Budget	FY 2019 Budget	Inc / (Dec) FY 19 vs FY18 Budget	% Change	FY 2020 Conceptual Budget	Inc / (Dec) FY 20 Conceptual vs FY 19 Budget	% Change
Operating Expenses								
Salaries & Wages	\$ 2,523	\$ 2,738	\$ 2,630	\$ (108)	-4.0%	\$ 2,746	\$ 116	4.4%
Overtime	0	-	-	-	0.0%	-	-	0.0%
Benefits	1,047	1,296	1,177	(119)	-9.2%	1,254	77	6.6%
Subtotal	3,570	4,034	3,807	(227)	-5.6%	4,000	193	5.1%
Less: Capitalized Labor Recharge	(5)	-	-	-	0.0%	-	-	0.0%
Less: QHP Labor Recharge	(225)	(695)	(610)	86	-12.3%	(649)	(39)	6.5%
Total Personnel Costs	3,340	3,339	3,198	(142)	-4.2%	3,351	154	4.8%
Contractual Services	4,222	4,927	4,480	(447)	-9.1%	4,314	(166)	-3.7%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	6	11	2	(9)	-85.6%	2	-	0.0%
Maintenance	1,539	1,352	1,302	(50)	-3.7%	1,302	(0)	0.0%
Operating Equipment & Systems	9	12	8	(5)	-37.5%	10	2	26.7%
Operating Supplies	27	26	30	4	17.6%	30	0	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Development	240	244	212	(32)	-13.2%	211	(1)	-0.5%
Business Development	156	156	140	(16)	-10.5%	141	1	0.7%
Equipment Rentals and Repairs	236	238	109	(129)	-54.3%	204	95	87.3%
Tenant Improvements	-	-	-	-	0.0%	-	-	0.0%
Total Non-Personnel Costs	6,435	6,966	6,281	(684)	-9.8%	6,212	(69)	-1.1%
Total Operating Expenses	9,775	10,305	9,479	(826)	-8.0%	9,564	85	0.9%
Joint Studies / Sound Attenuation	2,199	14,340	14,977	637	4.4%	14,911	(66)	-0.4%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlement Expense	-	-	-	-	0.0%	-	-	0.0%
Other Non-Operating Expenses	2,199	14,340	14,977	637	4.4%	14,911	(66)	-0.4%
Total Expenses	11,973	24,645	24,455	(189)	-0.8%	24,474	19	0.1%
Equipment Outlay Expenditures	66	-	-	-	0.0%	-	-	0.0%
Total Authority Expenses Incl Equip Outlay	\$ 12,039	\$ 24,645	\$ 24,455	\$ (189)	-0.8%	\$ 24,474	\$ 19	0.1%

Development Division – Planning & Environmental Affairs

Major Drivers of FY 2019 Budget & FY 2020 Conceptual Budget

(in thousands)

	Inc/(Dec) FY19 vs FY18	Inc/(Dec) FY20 Conceptual vs FY19
FY 2018 Budget / FY 2019 Budget	\$ 24,645	\$ 24,455
Personnel costs		
Capitalized labor *	86	116
Salary adjustments and pay-for-performance *	(108)	77
Burden (benefits & employer taxes) for current staff *	(119)	(39)
Total Increase / (Decrease) in personnel costs	(142)	154
Quieter Home Program (QHP)	511	29
Sustainability Management Planning, Tracking, & Reporting	85	(150)
Airport Planning and Land Use Projects	(109)	84
Stormwater Management Program	(125)	100
Brownfield Management (including San Diego Bay Sediment Quality/Water Quality)	(150)	(200)
Program Management - Consultant	(180)	-
Other, net	(79)	2
Total Increase / (Decrease) in Non-Personnel Costs	(48)	(135)
Total Increase / (Decrease)	(189)	19
FY 2019 Budget / FY 2020 Conceptual Budget	\$ 24,455	\$ 24,474

* 1 position transferred to Airport Design & Construction.

Development Division – Planning & Environmental Affairs

FY 2018 Progress Report

1. The Airport Development Plan (ADP) will define future Airport facilities through the year 2035. By May 31, 2018, an administrative draft Environmental Impact Report (EIR) will be complete.

Progress: The Planning & Environmental Affairs Department is preparing an administrative draft Environmental Impact Report for the Airport Development Plan in compliance with the California Environmental Quality Act. The document will assess the potential environmental impacts of the ADP, as well as identify any reasonable project alternatives and feasible mitigation measures, if applicable. The draft EIR is set to be released in spring 2018 for public comment.

Strategic Goals:

- Operations, grow and efficiently manage capacity for future demand, both landside and airside, including international facilities.
- Customer, exceed our customers' expectations by introducing innovative service and facility enhancements.
- Community, enhance community understanding of SAN as an economic engine and portal for prosperity.

2. In collaboration with a multi-departmental team, the Planning & Environmental Affairs Department will lead a process to integrate the five year ACIP, 20-year capital plan, facilities condition assessments, and the ADP to result in a comprehensive short- and long-term capital program.

Progress: The Planning & Environmental Affairs Department is collaborating with numerous other departments in updating the 5-year and 20-year capital improvement programs. An important focus of the update effort has been to align the programs with the organization's new 5-Year Strategic Plan and recalibrate them, if needed, with the latest version of the Airport Development Plan, particularly identifying overlap and compatibility with adjacent projects.

Strategic Goals:

- Operations, grow and efficiently manage capacity for future demand, both landside and airside, including international facilities.
- Financial, execute a Plan of Finance that provides the financial resources necessary to achieve the FY 2022 Future State while maintaining the enterprise's strong financial position.
- Customer, exceed our customers' expectations by introducing innovative service and facility enhancements.

3. Complete draft Airport Land Use Compatibility Plans (ALUCP) and public outreach meetings for the six rural airports in San Diego County.

Progress: Planning & Environmental Affairs staff has compiled potential revisions to the existing ALUCPs for the six rural airports. The updates focus on improving the readability of the Plans, as well as reflecting any changes to airport operations that could impact compatibility. In coordination with the County of San Diego, the Department will be organizing outreach events in spring 2018 to solicit public input from communities on the revisions.

Strategic Goal:

- Community, enhance community understanding of SAN as an economic engine and portal for prosperity.

Development Division – Planning & Environmental Affairs

4. Update the Airport's Air Quality Management Plan with new strategies to address greenhouse gas and criteria air pollutant emissions as part of SAN's Airport Carbon Accreditation (ACA). The measures of success will be to finalize the new plan by September 2018 and to ensure it meets ACA Level 3/3+ certification standards.

Progress: Through an internal stakeholder engagement process, the Planning & Environmental Affairs Department has completed a draft update to SAN's Air Quality Management Plan. The draft document outlines potential goals and strategies to help reduce airport-related emissions through the use of efficient and renewable energy, alternative fuel vehicles and equipment, and carbon offsets. The document will also help SAN meet the requirements of Level 3/3+ certification through the Airport Carbon Accreditation program.

Strategic Goal:

- Operations, grow and efficiently manage capacity for future demand, both landside and airside, including international facilities.

5. Develop a Level 2 Exceedance Response Action (ERA) Plan to help further reduce the concentrations of copper and zinc in storm water runoff and support the Water Stewardship Plan. The measure of success will be to complete the new ERA Plan by January 2018 in order to comply with Industrial General Permit requirements and to inform the design of proposed airfield treatment control BMPs.

Progress: A Level 2 Exceedance Response Action (ERA) Plan was developed by the Planning & Environmental Affairs Department and submitted to the State Water Resources Control Board (Water Board) in January 2018. The ERA Plan described steps that the Airport Authority would be taking to address high concentrations of copper in storm water runoff from the site. A Level 1 ERA Plan for zinc pollutants was also submitted to the Water Board in 2018.

Strategic Goal:

- Operations, grow and efficiently manage capacity for future demand, both landside and airside, including international facilities.

6. Expand the structure and use of the Airport's 'SANTrack' environmental management system to streamline data tracking activities and to ensure ongoing regulatory compliance. The measures of success will be to incorporate new Ground Support Equipment-related tracking and reporting tools into the system and to train relevant airport employees on the new modules by July 2018.

Progress: The Planning & Environmental Affairs Department launched a new tool in late 2017 within its environmental management system to track compliance issues involving ground support equipment (GSE), such as pushback tugs and belt loaders. The tool will help address both air and water quality regulatory standards for these tenant-owned pieces of equipment operating at SAN.

Strategic Goal:

- Operations, grow and efficiently manage capacity for future demand, both landside and airside, including international facilities.

Development Division – Planning & Environmental Affairs

7. In FY 2017, the Quieter Home Program (residential sound insulation) will gain FAA approval to restart the sound insulation program. We will also work with the airlines, the FAA, and neighbors to address noise complaints from the community.

Progress: In summer 2017, the Planning & Environmental Affairs Department, working in close coordination with the FAA, was able to successfully restart the Airport’s residential sound insulation program – The Quieter Home Program. The Program has installed noise-attenuating treatments in approximately 3,500 since its original inception. In addition, the Department facilitated the Airport Noise Advisory Committee’s recommendations for new noise-related initiatives, which will inform an upcoming update to SAN’s formal Noise Compatibility Program (Part 150).

Strategic Goals:

- Operations, grow and efficiently manage capacity for future demand, both landside and airside, including international facilities.
- Customer, exceed our customers’ expectations by introducing innovative service and facility enhancements.
- Community, enhance community understanding of SAN as an economic engine and portal for prosperity.

Development Division – Planning & Environmental Affairs

FY 2019 – FY 2020 Goals

1. Complete state/federal environmental and state coastal review processes for the Airport Development Plan by December 2019.

Strategic Goal:

- Operations, grow and efficiently manage capacity for future demand, both landside and airside, including international facilities.

Strategic Initiative:

- 2A. Align facilities to meet demand, both international and domestic

2. Complete outreach to local agencies that have not implemented adopted Airport Land Use Compatibility Plans by June 2019.

Strategic Goal:

- Operations, grow and efficiently manage capacity for future demand, both landside and airside, including international facilities.

Strategic Initiative:

- 2C. Manage ongoing business effectively through change

3. Ensure compliance with National Pollution Discharge Elimination System permits, including progress towards the Airport Authority's Water Quality Improvement Plan goals, for the construction and operation of the Airport Support Facilities and Airport Development Plan facilities by June 2020.

Strategic Goal:

- Operations, grow and efficiently manage capacity for future demand, both landside and airside, including international facilities.

Strategic Initiative:

- 2C. Manage ongoing business effectively through change

4. Facilitate Ground Support Equipment (GSE) emissions reductions by supporting the procurement of renewable diesel and installation of airside charging infrastructure by June 2020.

Strategic Goal:

- Operations, grow and efficiently manage capacity for future demand, both landside and airside, including international facilities.

Strategic Initiative:

- 2B. Complete and begin implementation of the Sustainability Management Plan

Development Division – Planning & Environmental Affairs

5. Complete and present an updated Part 150 Noise Compatibility Program to the Board by December 2019 to ensure continued funding for the Quieter Home Program and to identify community noise abatement opportunities.

Strategic Goal:

- Community, enhance community understanding of SAN as an economic engine and portal for prosperity.

Strategic Initiative:

- 3C. Continue to focus on programs to reduce noise impacts

FINANCE DIVISION



20
03

INDEPENDENCE

THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY, AN INDEPENDENT AGENCY FORMED BY STATE LEGISLATION, ASSUMES OWNERSHIP AND OPERATION OF SAN DIEGO INTERNATIONAL AIRPORT.

Finance Division

Overview

The **Finance Division** provides airline management, accounting, procurement, information technology, financial planning, budgeting, capital funding, and treasury services for the organization. The division assures the successful execution of the Airport Authority's plan of finance with the goal of enhancing the financial position of the Airport Authority; increasing annual operating revenue; and maintaining strong, financial metric policy targets. In addition, the division supports preparedness for economic, geopolitical, industry, or other shocks that present downside risks to the business.

The **Accounting** department is responsible for maintenance, reporting and management of all General Ledger accounts and provides cost accounting services in support of the Airport Authority's financial goals and objectives. The department is also responsible for timely and accurate reporting that complies with Generally Accepted Accounting Principles; in-depth transaction review and strict adherence to Airport Authority policies; consistent, organized and systematic recordkeeping to provide detailed support of Airport Authority financial history; and effective internal controls designed to safeguard Airport Authority assets.

The **Airline Management** department negotiates and manages airline and airfield lease and operating agreements to assure effective utilization and management of Airport Authority resources. The department calculates, assess and collects rates, fees and charges; and negotiates landing fees and other revenue from airline, cargo and fixed base operators.

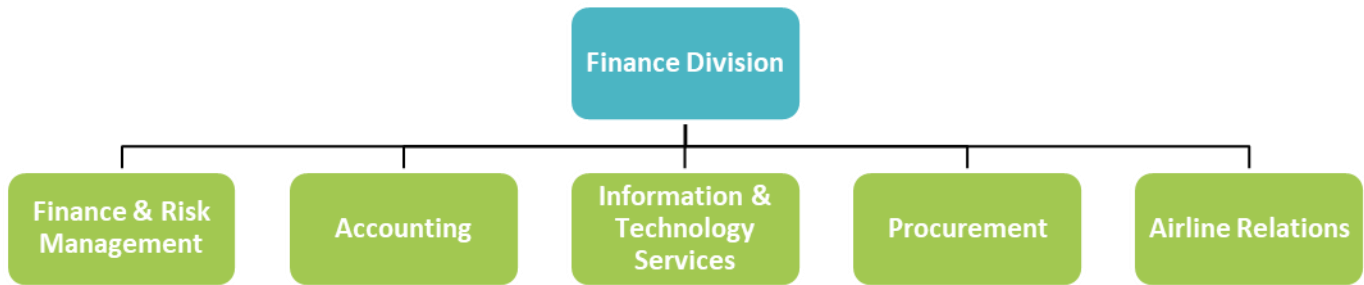
The **Finance & Risk Management** department develops and administers the Operating and Capital Budgets and strives to maintain a fiscally sound and sustainable organization that conforms to financial management best practices. It provides for beneficial treasury management; forecasts revenue and expenditures; maintains the Airport Authority's insurance programs; manages Airport Authority investments and cash; administers Grants, PFCs and CFCs revenue; maintains an effective debt management program; and delivers financial advisory services to all Airport Authority departments.

The **Information & Technology Services (ITS)** department operates the Airport Authority's information technology infrastructure, including hardware, software and communications technology and provides the strategic direction for all Information Technology decisions for the Airport Authority. The department provides information technology services including internet services, desktop computing, websites, telephone connection and hosted system services to all Airport Authority departments. ITS provides the airlines with Flight Information Display System (FIDS), Wi-Fi, paging, common use services (CUSS kiosks, CUPPS workstations) at the elevated departure roadway, gates and ticket counters..

The **Procurement** department provides a competitive contracting process that promotes innovation and industry best practices while ensuring its contracting actions adhere to published Airport Authority policies and the highest standards of integrity and ethical conduct. The department researches product and service resources, and business outreach and education; and manages solicitations, price and contract negotiations and contract awards in a legal, ethical and transparent manner. The department also manages the Procurement card program (P-card); shipping, receiving, and surplus; and warehouse operations.

Finance Division

FY 2019 – FY 2020 Organizational Structure



Division Personnel Summary

	FY 2017 Budget	FY 2018 Budget	FY 2019 Budget Transfers	FY 2019 Budget New/ (Eliminated)	FY 2019 Budget	FY 2020 Budget New/ (Eliminated)	FY 2020 Conceptual Budget
Finance Division							
Accounting	12	12	-	-	12	-	12
Airline Relations ⁽¹⁾	-	-	5	-	5	-	5
Finance & Risk Management ⁽²⁾	14	14	5	-	19	-	19
Information & Technology Services ⁽³⁾	29	29	(1)	-	28	-	28
Procurement	11	12	-	-	12	-	12
Total Authorized Funded Positions	66	67	9	-	76	-	76

⁽¹⁾ Airline Relations was created in recent reorganization; 5 positions transferred from Revenue Management.

⁽²⁾ 5 positions transferred from Risk Management (3), Airport Design & Construction (1) and Facilities Development (1).

⁽³⁾ 3 positions transferred to Innovation & Business Development and 2 positions transferred from Facilities Development.

Finance Division

FY 2019 Budget – FY 2020 Expense Conceptual Budget Summary

<i>(in thousands)</i>	FY2017 Actuals	FY2018 Budget	FY 2019 Budget	Inc / (Dec) FY 19 vs FY18 Budget	% Change	FY 2020 Conceptual Budget	Inc / (Dec) FY 20 Conceptual vs FY 19 Budget	% Change
Operating Expenses								
Salaries & Wages	\$ 5,523	\$ 4,763	\$ 6,258	\$ 1,494	31.4%	\$ 6,483	\$ 225	3.6%
Overtime	76	152	152	-	0.0%	152	-	0.0%
Benefits	4,094	2,722	2,999	278	10.2%	3,185	185	6.2%
Subtotal	9,693	7,637	9,409	1,772	23.2%	9,820	411	4.4%
Less: Capitalized Labor Recharge	1	-	(503)	(503)	0.0%	(526)	(23)	4.5%
Less: QHP Labor Recharge	-	-	-	-	0.0%	-	-	0.0%
Total Personnel Costs	9,693	7,637	8,906	1,269	16.6%	9,294	388	4.4%
Contractual Services	2,692	2,728	3,604	877	32.1%	3,497	(107)	-3.0%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	589	450	561	111	24.8%	576	15	2.7%
Maintenance	0	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	204	206	169	(37)	-18.0%	169	-	0.0%
Operating Supplies	113	103	102	(1)	-1.2%	106	4	3.7%
Insurance	-	-	1,247	1,247	0.0%	1,311	64	5.2%
Employee Development	153	153	152	(2)	-1.1%	154	2	1.3%
Business Development	70	54	79	25	47.0%	83	3	4.1%
Equipment Rentals and Repairs	2,012	2,100	2,807	707	33.7%	3,018	211	7.5%
Tenant Improvements	-	-	-	-	0.0%	-	-	0.0%
Total Non-Personnel Costs	5,833	5,793	8,720	2,927	50.5%	8,913	192	2.2%
Total Operating Expenses	15,526	13,430	17,626	4,196	31.2%	18,207	580	3.3%
Joint Studies / Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlement Expense	-	-	-	-	0.0%	-	-	0.0%
Other Non-Operating Expenses	(0)	-	-	-	0.0%	-	-	0.0%
Total Expenses	15,526	13,430	17,626	4,196	31.2%	18,207	580	3.3%
Equipment Outlay Expenditures	223	500	137	(363)	-72.7%	500	363	266.3%
Total Authority Expenses Incl Equip Outlay	\$ 15,749	\$ 13,930	\$ 17,763	\$ 3,833	27.5%	\$ 18,707	\$ 944	5.3%

Finance Division

Major Drivers of FY 2019 Budget & FY 2020 Conceptual Budget

<i>(in thousands)</i>	Inc/(Dec) FY19 vs FY18	Inc/(Dec) FY20 Conceptual vs FY19
	\$	\$
FY 2018 Budget / FY 2019 Budget	13,930	17,763
Personnel Costs		
Salary adjustments and pay-for-performance * ⁽¹⁾	1,494	225
Burden (benefits & employer taxes) for current staff *	278	185
Capitalized labor ⁽²⁾	(503)	(23)
Total Increase / (Decrease) in Personnel Costs	1,269	388
Insurance premiums transferred from Risk Management	1,247	64
Parking Plaza O&M	545	(7)
FIS O&M	354	69
Parking Management System transferred from Ground Transportation	250	5
Insurance brokerage fees transferred from Executive division	216	18
Financial Consultants costs transferred from Revenue Management	150	(100)
Parking Management Office equipment	-	350
Authority wide computer replacement	(300)	-
Other, net	102	156
Total Increase / (Decrease) in Non-Personnel Costs	2,564	556
Total Increase / (Decrease)	3,833	944
FY 2019 Budget / FY 2020 Conceptual Budget	\$ 17,763	\$ 18,707

* 9 positions transferred from Development (4), Executive (3) and Revenue Management & Innovation (2) divisions.

⁽¹⁾ Personnel costs include vacancy savings.

⁽²⁾ Capitalized labor is a result of 4 transfers from Development division.

Finance Division

FY 2019 Expense Budget by Department

(in thousands)

Departments	FY 2019 Budget
Information & Technology Services	\$ 8,740
Finance & Risk Management	5,785
Accounting	1,668
Procurement	1,513
Airline Relations	903
Vacancy Savings and Worker's Compensation Losses	(846)
Total ⁽¹⁾	\$ 17,763

⁽¹⁾ Total may differ due to rounding

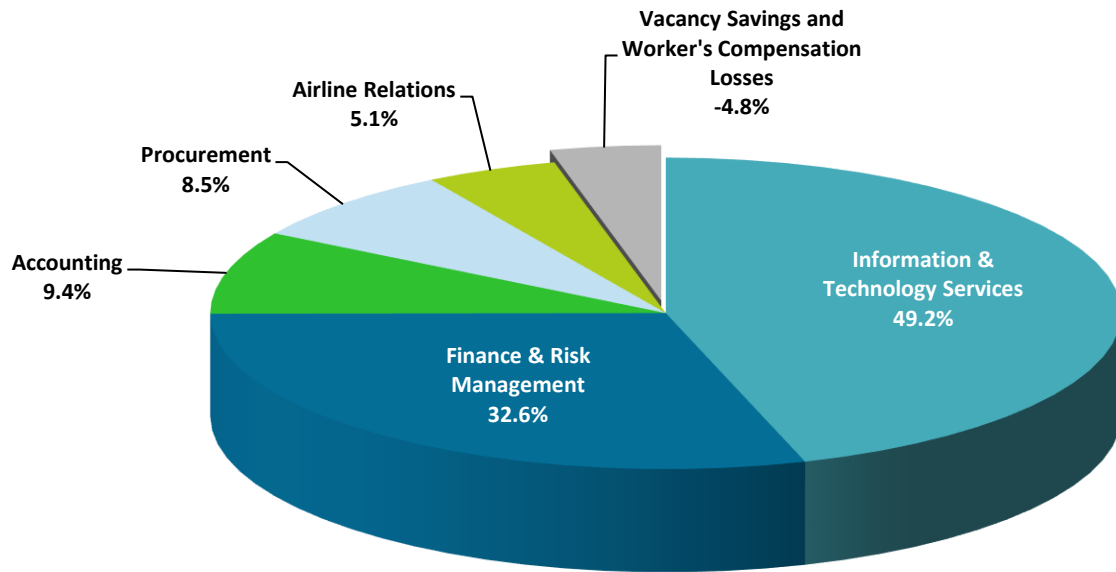


Figure 30 – FY 2019 Expense Budget by Department

Finance Division

FY 2020 Expense Conceptual Budget by Department

(in thousands)

Departments	FY 2020 Conceptual Budget
Information & Technology Services	\$ 9,483
Finance & Risk Management	5,992
Accounting	1,752
Procurement	1,547
Airline Relations	837
Vacancy Savings and Worker's Compensation Losses	(905)
Total ⁽¹⁾	\$ 18,707

⁽¹⁾ Total may differ due to rounding

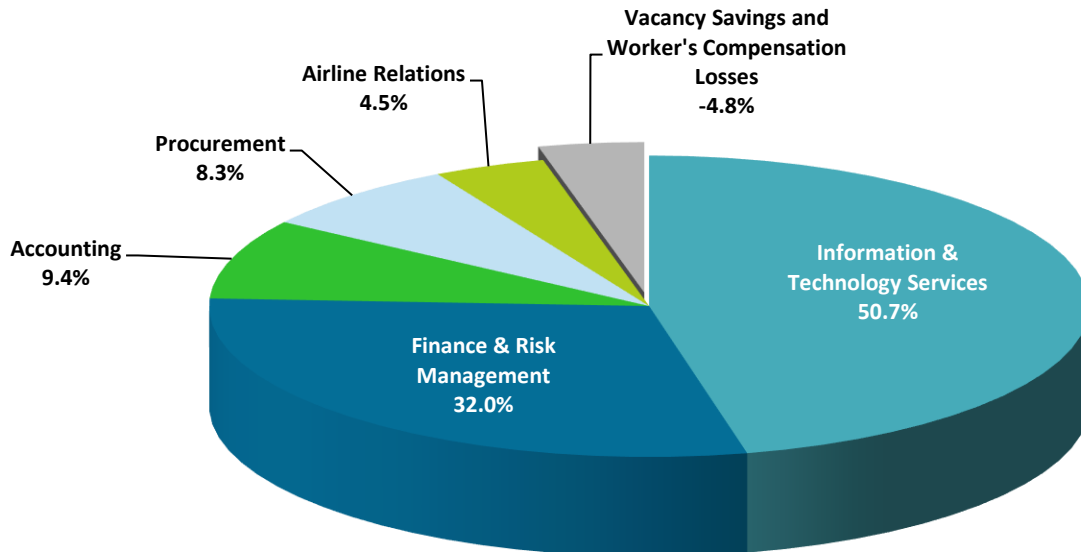


Figure 31 – FY 2020 Expense Conceptual Budget by Department

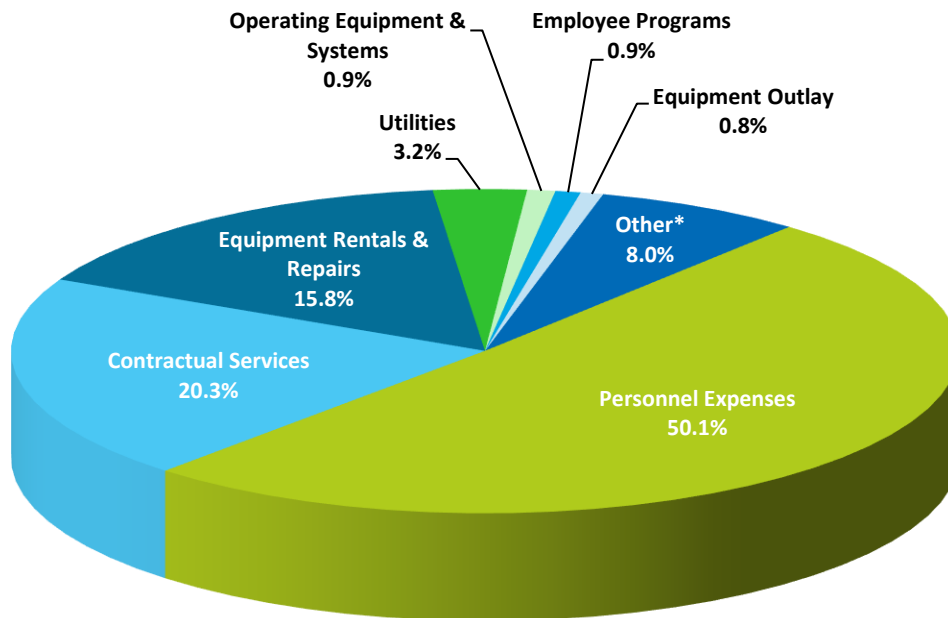
Finance Division

FY 2019 Expense Budget by Category

(in thousands)

Category	FY 2019 Budget
Personnel Expenses	\$ 8,906
Contractual Services	3,604
Equipment Rentals & Repairs	2,807
Utilities	561
Operating Equipment & Systems	169
Employee Programs	152
Equipment Outlay	137
Other*	1,428
Total ⁽¹⁾	\$ 17,763

⁽¹⁾ Total may differ due to rounding



*Other includes business development, operating supplies, legal settlements, etc.

Figure 32 – FY 2019 Expense Budget by Category

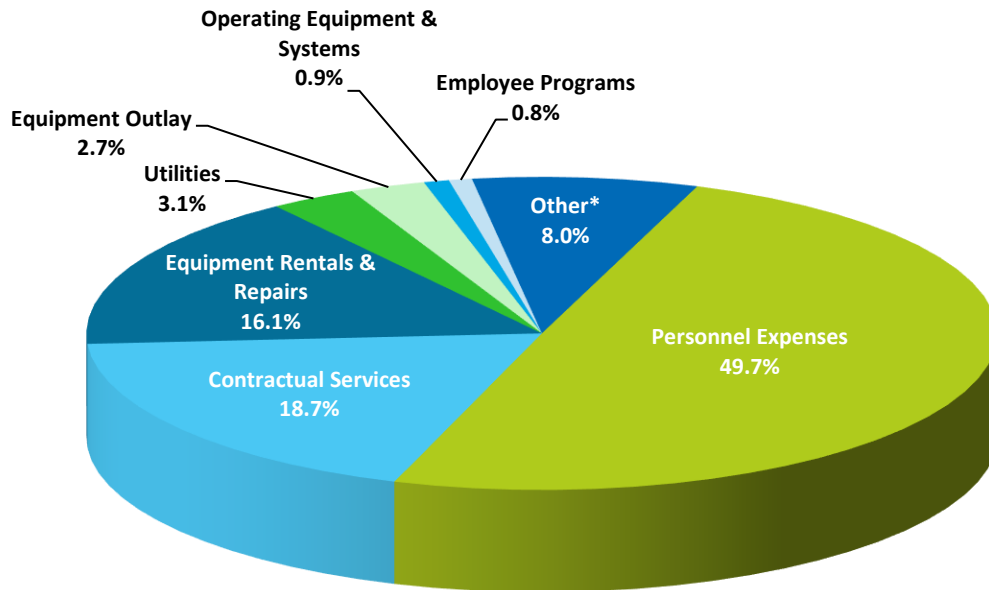
Finance Division

FY 2020 Expense Conceptual Budget by Category

(in thousands)

Category	FY 2020 Conceptual Budget
Personnel Expenses	\$ 9,294
Contractual Services	3,497
Equipment Rentals & Repairs	3,018
Utilities	576
Equipment Outlay	500
Operating Equipment & Systems	169
Employee Programs	154
Other*	1,499
Total ⁽¹⁾	\$ 18,707

⁽¹⁾ Total may differ due to rounding

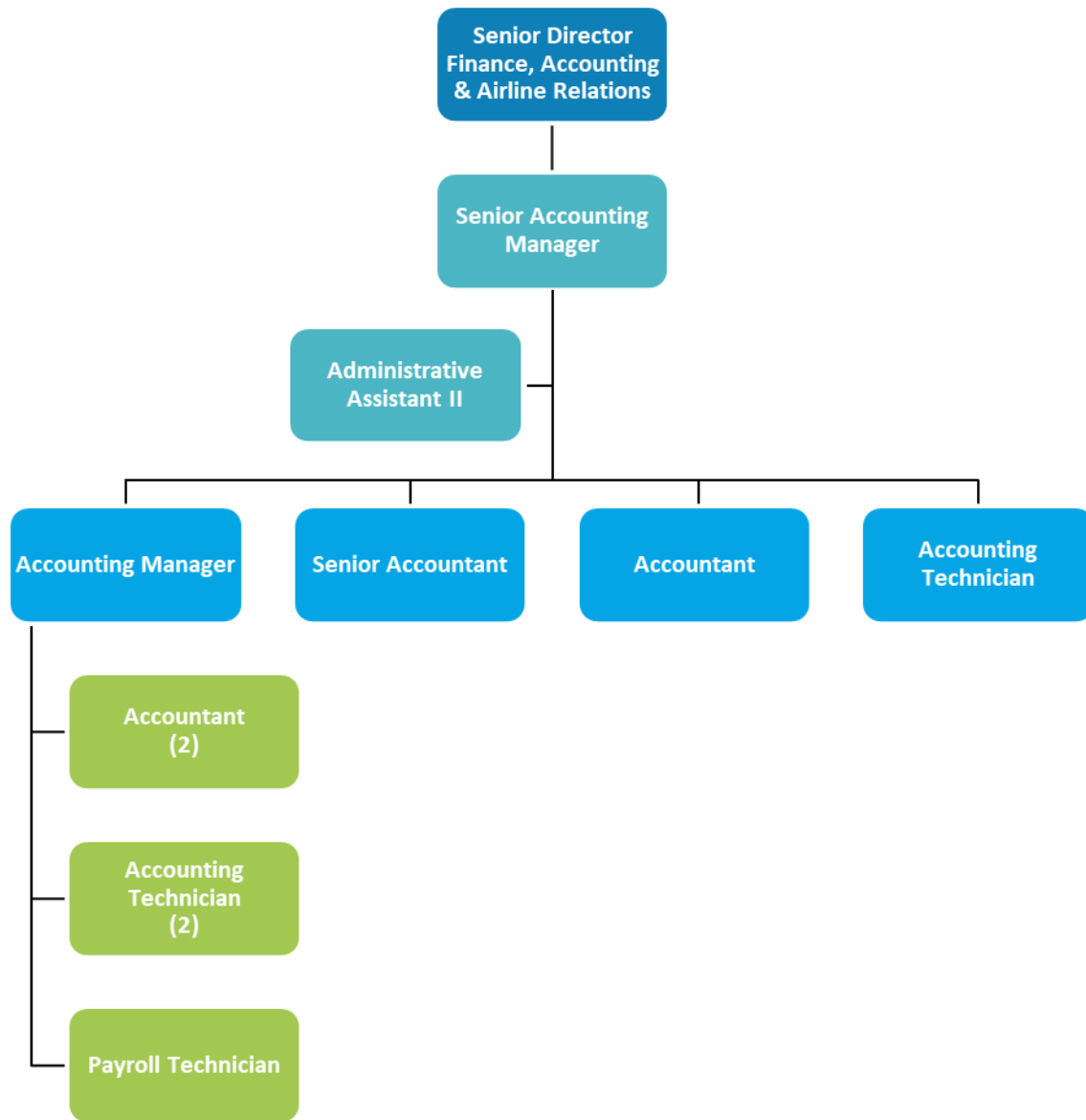


*Other includes business development, operating supplies, legal settlements, etc.

Figure 33 – FY 2020 Expense Conceptual Budget by Category

Finance Division – Accounting

FY 2019 – FY 2020 Organizational Structure



No personnel changes in FY 2020.

Finance Division – Accounting

FY 2019 Budget – FY 2020 Expense Conceptual Budget Summary

<i>(in thousands)</i>	FY2017 Actuals	FY2018 Budget	FY 2019 Budget	Inc / (Dec) FY 19 vs FY18 Budget	% Change	FY 2020 Conceptual Budget	Inc / (Dec) FY 20 Conceptual vs FY 19 Budget	% Change
Operating Expenses								
Salaries & Wages	\$ 918	\$ 955	\$ 979	\$ 24	2.5%	\$ 1,018	\$ 39	4.0%
Overtime	1	2	2	-	0.0%	2	-	0.0%
Benefits	443	497	485	(12)	-2.4%	516	31	6.4%
Subtotal	1,362	1,454	1,466	12	0.8%	1,536	70	4.8%
Less: Capitalized Labor Recharge	1	-	-	-	0.0%	-	-	0.0%
Less: QHP Labor Recharge	-	-	-	-	0.0%	-	-	0.0%
Total Personnel Costs	1,362	1,454	1,466	12	0.8%	1,536	70	4.8%
Contractual Services	258	178	156	(22)	-12.4%	170	14	9.0%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	0	-	-	-	0.0%	-	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	7	5	3	(2)	-40.0%	3	-	0.0%
Operating Supplies	13	16	16	-	0.0%	16	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Development	9	12	13	1	6.5%	13	-	0.0%
Business Development	14	16	15	(1)	-6.5%	15	-	0.0%
Equipment Rentals and Repairs	0	-	-	-	0.0%	-	-	0.0%
Tenant Improvements	-	-	-	-	0.0%	-	-	0.0%
Total Non-Personnel Costs	300	226	202	(24)	-10.7%	216	14	7.0%
Total Operating Expenses	1,662	1,680	1,668	(13)	-0.7%	1,752	84	5.1%
Joint Studies / Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlement Expense	-	-	-	-	0.0%	-	-	0.0%
Other Non-Operating Expenses	(0)	-	-	-	0.0%	-	-	0.0%
Total Expenses	1,662	1,680	1,668	(13)	-0.7%	1,752	84	5.1%
Equipment Outlay Expenditures	-	-	-	-	0.0%	-	-	0.0%
Total Authority Expenses Incl Equip Outlay	\$ 1,662	\$ 1,680	\$ 1,668	\$ (13)	-0.7%	\$ 1,752	\$ 84	5.1%

Finance Division – Accounting

Major Drivers of FY 2019 Budget & FY 2020 Conceptual Budget

<i>(in thousands)</i>	Inc/(Dec) FY19 vs FY18	Inc/(Dec) FY20 Conceptual vs FY19
FY 2018 Budget / FY 2019 Budget	\$ 1,680	\$ 1,668
Personnel Costs		
Salary adjustments and pay-for-performance	24	39
Burden (benefits & employer taxes) for current staff	(12)	31
Total Increase / (Decrease) in Personnel Costs	12	70
Post employment benefits valuation	(13)	10
Customer Facility Charge (CFC) rate audit	(6)	4
Other, net	(6)	(0)
Total Increase / (Decrease) in Non-Personnel Costs	(24)	14
Total Increase / (Decrease)	(13)	84
FY 2019 Budget / FY 2020 Conceptual Budget	\$ 1,668	\$ 1,752

Finance Division – Accounting

FY 2018 Progress Report

1. Successfully complete the FY 2017 Audit, with no findings, to be completed by the end of October 2017.

Progress: The FY 2017 audit was completed on time and with no findings.

Strategic Goals:

- Financial, execute a Plan of Finance that provides the financial resources necessary to achieve the FY 2022 Future State while maintaining the enterprise’s strong financial position.
- Employee, develop leaders and a workforce aligned to the needs of our Strategic Plan and an inclusive environment that reflects the diversity of our community.

2. Develop E-1 programming to automatically calculate PEPRA wages and contributions, to eliminate the manual manipulation of data.

Progress: Completed on Feb 27, 2018

Strategic Goals:

- Financial, execute a Plan of Finance that provides the financial resources necessary to achieve the FY 2022 Future State while maintaining the enterprise’s strong financial position.
- Operations, grow and efficiently manage capacity for future demand, both landside and airside, including international facilities.

3. Continue to improve and enhance customer service to internal customers, actively promote the Accounting Department as an organizational business partner, and facilitate collaboration with stakeholders to formulate and implement innovative business processes that add value through increased efficiency and capacity.

Progress:

- Working with Ground Transportation the Accounting Department integrated the TNC billing and trip data into E1 to enhance internal reporting and collection efforts.
- Continued collaboration with department representatives to provide clarity on the monthly accrual process and subsequent variance analysis reviews to include training for new department personnel.
- Worked with Financial Management and project development departments to clarify and reconcile the budgeting and accounting for overhead.

Strategic Goals:

- Customer, exceed our customers’ expectations by introducing innovative service and facility enhancements.
- Employee, develop leaders and a workforce aligned to the needs of our Strategic Plan and an inclusive environment that reflects the diversity of our community.
- Operations, grow and efficiently manage capacity for future demand, both landside and airside, including international facilities.

Finance Division – Accounting

4. Collaborate with Finance department in the implementation of budget and planning software. Assist in developing reporting and management dash boards.

Progress: Accounting has participated as needed, in the implementation and development of the budget and planning software.

Strategic Goals:

- Financial, execute a Plan of Finance that provides the financial resources necessary to achieve the FY 2022 Future State while maintaining the enterprise's strong financial position.
- Customer, exceed our customers' expectations by introducing innovative service and facility enhancements.

Finance Division – Accounting

FY 2019 – FY 2020 Goals

1. Develop an ADP project chart of accounts to be integrated with the Adaptive Insight budget software to provide improved reporting

Strategic Goal:

- Financial, execute a Plan of Finance that provides the financial resources necessary to achieve the FY 2022 Future State while maintaining the enterprise’s strong financial position.

Strategic Initiative:

- 2C. Manage ongoing business effectively through change

2. Audited financials with no findings.

Strategic Goal:

- Financial, execute a Plan of Finance that provides the financial resources necessary to achieve the FY 2022 Future State while maintaining the enterprise’s strong financial position.

Strategic Initiative:

- 2C. Manage ongoing business effectively through change

3. Develop chart of accounts that improves tracking and grant compliance requirements and can be integrated with the Adaptive Insight budget software.

Strategic Goal:

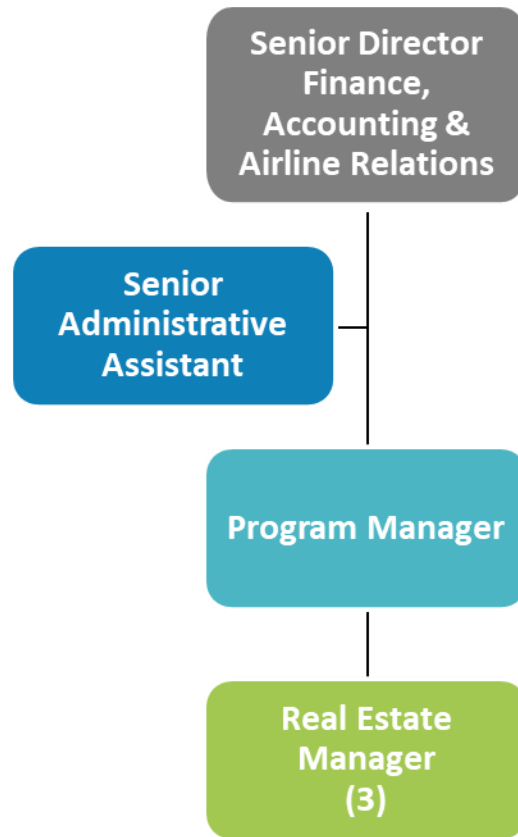
- Financial, execute a Plan of Finance that provides the financial resources necessary to achieve the FY 2022 Future State while maintaining the enterprise’s strong financial position.

Strategic Initiative:

- 2C. Manage ongoing business effectively through change

Finance Division – Airline Relations

FY 2019 - FY 2020 Organizational Structure



Position in grey resides in Accounting Department and is shown for structural purposes.

No personnel changes in FY 2020.

Finance Division – Airline Relations

FY 2019 Budget – FY 2020 Expense Conceptual Budget Summary

<i>(in thousands)</i>	FY2017 Actuals	FY2018 Budget	FY 2019 Budget	Inc / (Dec) FY 19 vs FY18 Budget	% Change	FY 2020 Conceptual Budget	Inc / (Dec) FY 20 Conceptual vs FY 19 Budget	% Change
Operating Expenses ⁽¹⁾								
Salaries & Wages	\$ -	\$ -	\$ 528	\$ 528	0.0%	\$ 549	\$ 21	4.0%
Overtime	-	-	-	-	0.0%	-	-	0.0%
Benefits	-	-	209	209	0.0%	222	13	6.2%
Subtotal	-	-	736	736	0.0%	770	34	4.6%
Less: Capitalized Labor Recharge	-	-	-	-	0.0%	-	-	0.0%
Less: QHP Labor Recharge	-	-	-	-	0.0%	-	-	0.0%
Total Personnel Costs	-	-	736	736	0.0%	770	34	4.6%
Contractual Services	-	-	150	150	0.0%	50	(100)	-66.7%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	-	-	-	-	0.0%	-	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	-	-	-	-	0.0%	-	-	0.0%
Operating Supplies	-	-	1	1	0.0%	1	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Development	-	-	5	5	0.0%	5	0	0.0%
Business Development	-	-	11	11	0.0%	11	0	0.0%
Equipment Rentals and Repairs	-	-	-	-	0.0%	-	-	0.0%
Tenant Improvements	-	-	-	-	0.0%	-	-	0.0%
Total Non-Personnel Costs			167	167	0.0%	67	(100)	-59.8%
Total Operating Expenses	-	-	903	903	0.0%	837	(66)	-7.3%
Joint Studies / Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlement Expense	-	-	-	-	0.0%	-	-	0.0%
Other Non-Operating Expenses	-	-	-	-	0.0%	-	-	0.0%
Total Expenses	-	-	903	903	0.0%	837	(66)	-7.3%
Equipment Outlay Expenditures	-	-	-	-	0.0%	-	-	0.0%
Total Authority Expenses Incl Equip Outlay	\$ -	\$ -	\$ 903	\$ 903	0.0%	\$ 837	\$ (66)	-7.3%

⁽¹⁾ Airline Relations department was created in recent reorganization. The personnel and non-personnel expenses were transferred from Revenue Management department.

Finance Division – Airline Relations

Major Drivers of FY 2019 Budget & FY 2020 Conceptual Budget

<i>(in thousands)</i>	Inc/(Dec) FY19 vs FY18	Inc/(Dec) FY20 Conceptual vs FY19
FY 2018 Budget / FY 2019 Budget	\$ -	\$ 903
Personnel Costs		
Salary adjustments and pay-for-performance *	528	21
Burden (benefits & employer taxes) for current staff *	209	13
Total Increase / (Decrease) in Personnel Costs	736	34
Financial Consultants costs transferred from Revenue Management	150	(100)
Other, net	17	0
Total Increase / (Decrease) in Non-Personnel Costs	167	(100)
Total Increase / (Decrease)	903	(66)
FY 2019 Budget / FY 2020 Conceptual Budget	\$ 903	\$ 837

* New department; 5 positions transferred from Revenue Management.

Finance Division – Airline Relations

FY 2019 – FY 2020 Goals

1. Negotiate and deliver a signed airline operating lease agreement.

Strategic Goal:

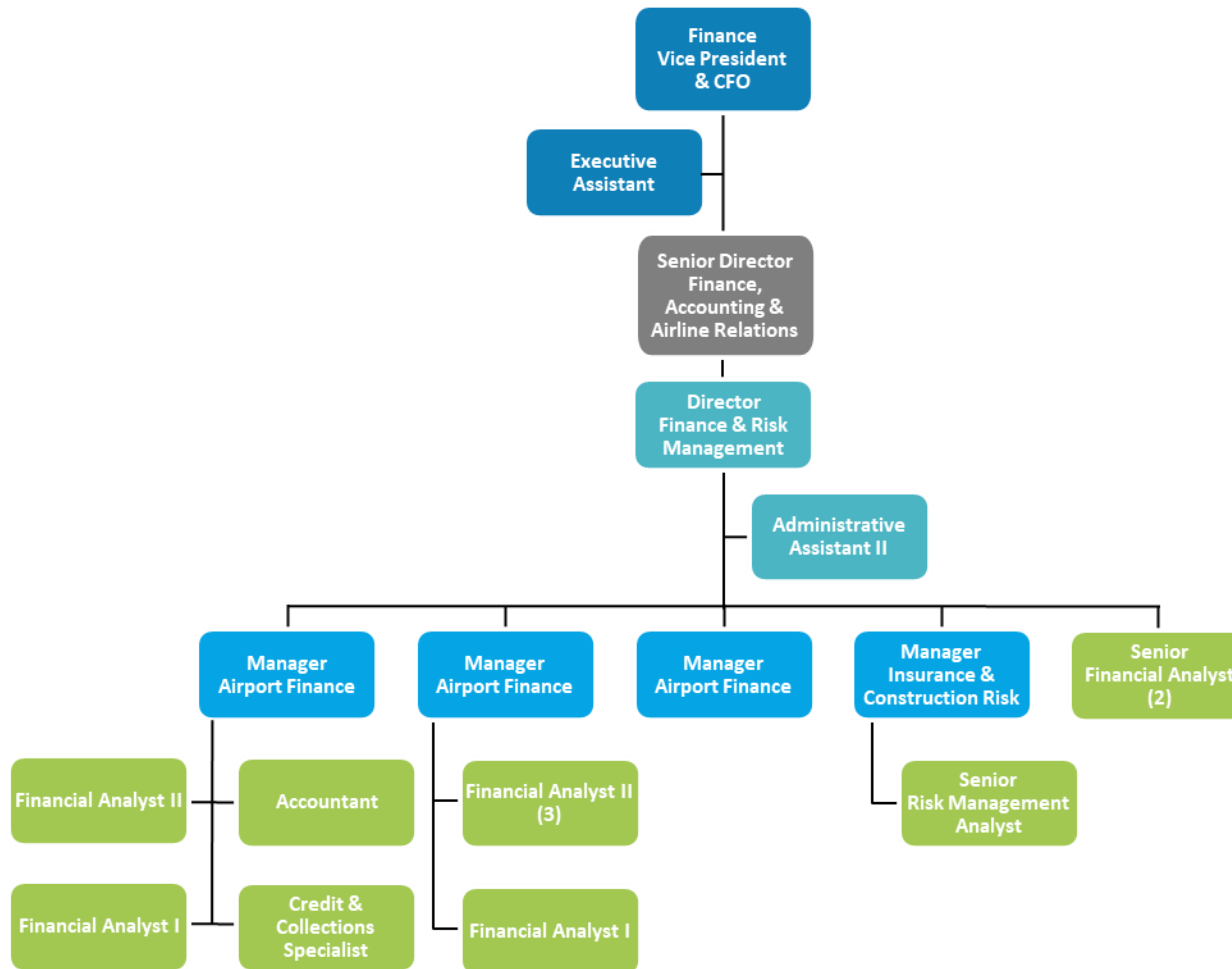
- Financial, execute a Plan of Finance that provides the financial resources necessary to achieve the FY 2022 Future State while maintaining the enterprise's strong financial position.

Strategic Initiative:

- 5A. Ensure Plan of Finance is flexible, nimble and able to proactively address future changes

Finance Division – Finance & Risk Management

FY 2019 – FY 2020 Organizational Structure



Position in grey resides in Accounting Department and is shown for structural purposes.

No personnel changes in FY 2020.

Finance Division – Finance & Risk Management

FY 2019 Budget – FY 2020 Expense Conceptual Budget Summary

<i>(in thousands)</i>	FY2017 Actuals	FY2018 Budget	FY 2019 Budget	Inc / (Dec) FY 19 vs FY18 Budget	% Change	FY 2020 Conceptual Budget	Inc / (Dec) FY 20 Conceptual vs FY 19 Budget	% Change
Operating Expenses								
Salaries & Wages	\$ 1,343	\$ 1,382	\$ 1,919	\$ 537	38.8%	\$ 1,994	\$ 74	3.9%
Overtime	-	-	-	-	0.0%	-	-	0.0%
Benefits	540	632	839	207	32.8%	889	50	5.9%
Subtotal	1,883	2,014	2,758	744	37.0%	2,882	124	4.5%
Less: Capitalized Labor Recharge	-	-	(281)	(281)	0.0%	(294)	(13)	4.6%
Less: QHP Labor Recharge	-	-	-	-	0.0%	-	-	0.0%
Total Personnel Costs *	1,883	2,014	2,477	463	23.0%	2,589	111	4.5%
Contractual Services	1,300	1,333	1,869	536	40.2%	1,879	10	0.5%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	0	0	0	0	20.0%	0	-	0.0%
Maintenance	0	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	9	8	3	(5)	-66.7%	3	-	0.0%
Operating Supplies	11	9	12	3	28.3%	12	0	0.0%
Insurance	-	-	1,247	1,247	0.0%	1,311	64	5.2%
Employee Development	21	34	31	(3)	-9.3%	32	1	2.9%
Business Development	35	20	34	14	69.9%	37	3	8.8%
Equipment Rentals and Repairs	-	75	75	-	0.0%	130	55	73.3%
Tenant Improvements	-	-	-	-	0.0%	-	-	0.0%
Total Non-Personnel Costs	1,376	1,479	3,271	1,791	121.1%	3,403	133	4.1%
Total Operating Expenses	3,258	3,493	5,748	2,255	64.5%	5,992	244	4.2%
Joint Studies / Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlement Expense	-	-	-	-	0.0%	-	-	0.0%
Other Non-Operating Expenses	-	-	-	-	0.0%	-	-	0.0%
Total Expenses	3,258	3,493	5,748	2,255	64.5%	5,992	244	4.2%
Equipment Outlay Expenditures	-	-	37	37	0.0%	-	(37)	-100.0%
Total Authority Expenses Incl Equip Outlay	\$ 3,258	\$ 3,493	\$ 5,785	\$ 2,291	65.6%	\$ 5,992	\$ 208	3.6%

* Personnel costs include vacancy savings

Finance Division – Finance & Risk Management

Major Drivers of FY 2019 Budget & FY 2020 Conceptual Budget

<i>(in thousands)</i>	Inc/(Dec) FY19 vs FY18	Inc/(Dec) FY20 Conceptual vs FY19
FY 2018 Budget / FY 2019 Budget	\$ 3,493	\$ 5,785
Personnel Costs		
Salary adjustments and pay-for-performance *	537	74
Burden (benefits & employer taxes) for current staff *	207	50
Capitalized labor ⁽¹⁾	(281)	(13)
Total Increase / (Decrease) in Personnel Costs	463	111
Insurance premiums transferred from Risk Management	\$ 1,247	\$ 64
Credit card fees	342	(7)
Insurance brokerage fees transferred from Risk Management	216	18
Other, net	23	21
Total Increase / (Decrease) in Non-Personnel Costs	1,828	96
Total Increase / (Decrease)	2,291	208
FY 2019 Budget / FY 2020 Conceptual Budget	\$ 5,785	\$ 5,992

* 5 positions transferred from Risk Management (3), Airport Design & Construction (1) & Facilities Development (1).

⁽¹⁾Capitalized labor is a result of 2 transfers from Airport Design & Construction (1) & Facilities Development (1).

Finance Division – Finance & Risk Management

FY 2018 Progress Report

1. Implement new budget and planning software. Continue to develop management dash boards, automated reports that improve processes and database tools.

Progress: Software has been purchased. The team has built a number of models and is currently building a set of dashboards to present to the executive team.

Strategic Goals:

- Financial, execute a Plan of Finance that provides the financial resources necessary to achieve the FY 2022 Future State while maintaining the enterprise’s strong financial position.
- Operations, grow and efficiently manage capacity for future demand, both landside and airside, including international facilities.
- Customer, exceed our customers’ expectations by introducing innovative service and facility enhancements.

2. Support the Airport Capital Program by identifying and assessing funding sources, revenue opportunities and incorporating these sources into a long-term capital plan, along with the completion of the value for money analysis for the ADP. This will assist in developing a sustainable and acceptable plan to the Airport Authority’s Board and Airline Partners.

Progress: The initial Plan of Finance based on a 30 gate option has been completed. A final version will be completed in mid-August after the scope of the project has been defined in more detail and the updated cost estimate has been completed.

Strategic Goals:

- Financial, execute a Plan of Finance that provides the financial resources necessary to achieve the FY 2022 Future State while maintaining the enterprise’s strong financial position.
- Customer, exceed our customers’ expectations by introducing innovative service and facility enhancements.

3. Work in collaboration with Business Development and Business Management to create and evaluate new non-airline revenue opportunities in support of the Authorities goal of increasing non-airline revenue by \$3,000,000 per year by 2020.

Progress: Still in progress.

Strategic Goals:

- Financial, execute a Plan of Finance that provides the financial resources necessary to achieve the FY 2022 Future State while maintaining the enterprise’s strong financial position.
- Customer, exceed our customers’ expectations by introducing innovative service and facility enhancements.

Finance Division – Finance & Risk Management

4. Commence evaluation of the Airline Operating and Lease Agreement (AOLA), due to expire in July 2018, to ensure it meets the Airport Authority's stakeholders' goals and to provide a strong negotiation position. Work closely with Finance to incorporate the ideas into the business model and include ideas for concession development.

Progress: The AOLA process has been initiated. A matrix of issues and recommended changes has been created. This project will happen over an 18 to 24 month period to complete.

Strategic Goals:

- Financial, execute a Plan of Finance that provides the financial resources necessary to achieve the FY 2022 Future State while maintaining the enterprise's strong financial position.
- Customer, exceed our customers' expectations by introducing innovative service and facility enhancements.

Finance Division – Finance & Risk Management

FY 2019 – FY 2020 Goals

1. Complete Plan of Finance for the Airport Development Plan Phase 1. As part of the planning a review of all potential grant opportunities will be examined. The plan will include a sensitivity analysis and the impacts that could affect the plan in the event of an economic downturn.

Strategic Goal:

- Financial, execute a Plan of Finance that provides the financial resources necessary to achieve the FY 2022 Future State while maintaining the enterprise’s strong financial position.

Strategic Initiative:

- 5A. Ensure Plan of Finance is flexible, nimble and able to proactively address future changes
- 5C. Evaluate multiple funding methods for the Capital Program (ADP and CIP)

2. Provide Financial Analysis & support for new revenue opportunities business plans.

Strategic Goal:

- Financial, execute a Plan of Finance that provides the financial resources necessary to achieve the FY 2022 Future State while maintaining the enterprise’s strong financial position.

Strategic Initiative:

- 5A. Ensure Plan of Finance is flexible, nimble and able to proactively address future changes

3. Provide support and analysis for parking revenue maximization.

Strategic Goal:

- Financial, execute a Plan of Finance that provides the financial resources necessary to achieve the FY 2022 Future State while maintaining the enterprise’s strong financial position.

Strategic Initiative:

- 5E. Develop business plan that evaluates margins on non-airline operating revenue streams

4. Identify risk mitigation/risk financing opportunities at the Airport Authority to meet the changing landscape of how the airport conducts its construction and operational programs.

Strategic Goal:

- Financial, execute a Plan of Finance that provides the financial resources necessary to achieve the FY 2022 Future State while maintaining the enterprise’s strong financial position.

Strategic Initiative:

- 1B. Advance the ADP

Finance Division – Finance & Risk Management

5. Build upon the Airport Authority's insurance broker relationships on a national level in anticipation of marketing and placing an ADP insurance program throughout the lead-up and actual application, submission and underwriting process associated with a project of this magnitude, scope, duration and overall complexity.

Strategic Goal:

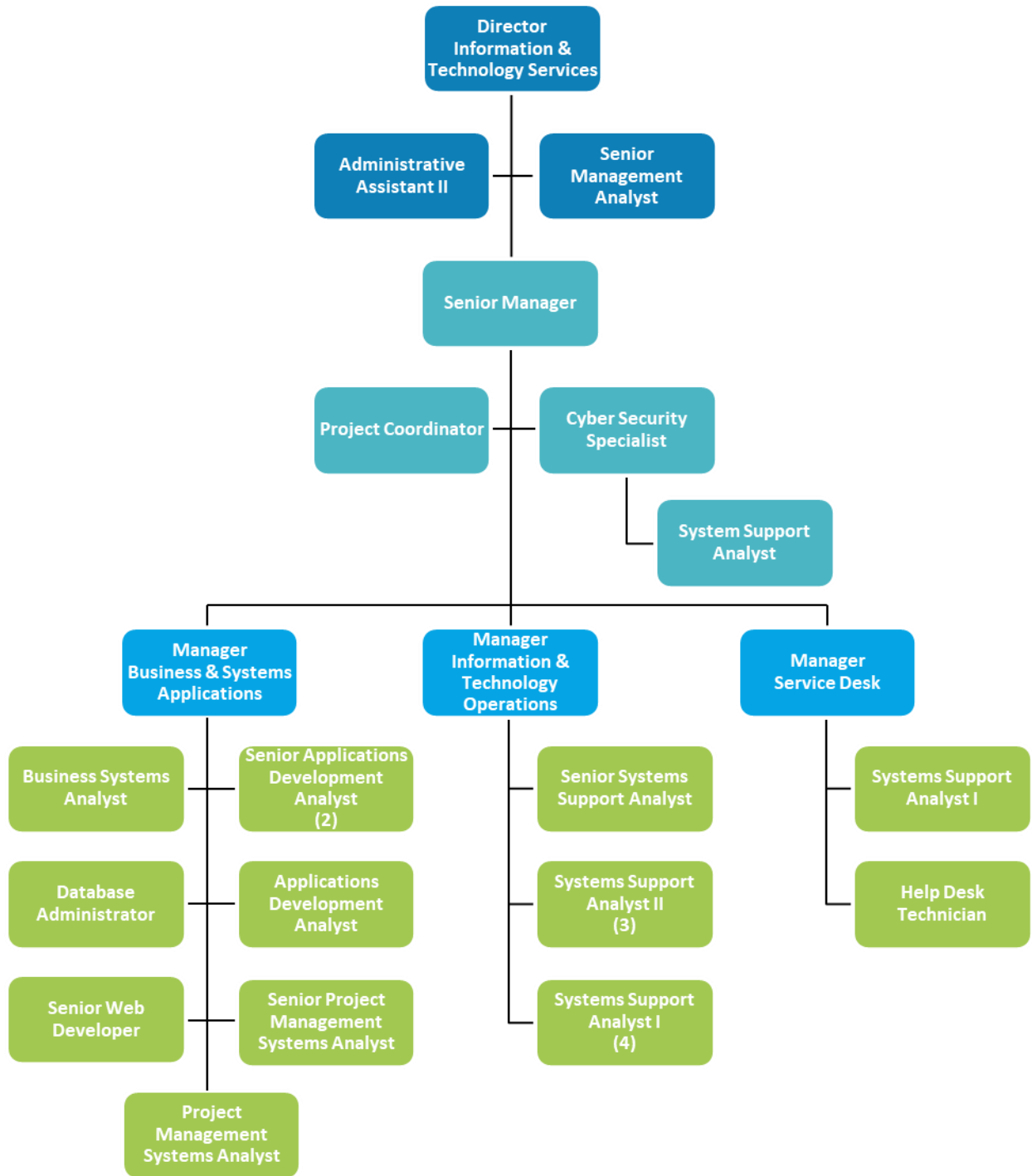
- Financial, execute a Plan of Finance that provides the financial resources necessary to achieve the FY 2022 Future State while maintaining the enterprise's strong financial position.

Strategic Initiative:

- 1B. Advance the ADP

Finance Division – Information & Technology Services

FY 2019 – FY 2020 Organizational Structure



No personnel changes in FY 2020.

Finance Division – Information & Technology Services

FY 2019 Budget – FY 2020 Expense Conceptual Budget Summary

<i>(in thousands)</i>	FY2017 Actuals	FY2018 Budget	FY 2019 Budget	Inc / (Dec) FY 19 vs FY18 Budget	% Change	FY 2020 Conceptual Budget	Inc / (Dec) FY 20 Conceptual vs FY 19 Budget	% Change
Operating Expenses								
Salaries & Wages	\$ 2,420	\$ 2,501	\$ 2,511	\$ 10	0.4%	\$ 2,609	\$ 98	3.9%
Overtime	75	150	150	-	0.0%	150	-	0.0%
Benefits	1,095	1,316	1,242	(74)	-5.7%	1,318	76	6.1%
Subtotal	3,590	3,968	3,903	(65)	-1.6%	4,078	175	4.5%
Less: Capitalized Labor Recharge	-	-	(222)	(222)	0.0%	(232)	(10)	4.4%
Less: QHP Labor Recharge	-	-	-	-	0.0%	-	-	0.0%
Total Personnel Costs	3,590	3,968	3,681	(287)	-7.2%	3,845	165	4.5%
Contractual Services	1,127	1,199	1,377	178	14.9%	1,379	3	0.2%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	588	449	561	111	24.8%	576	15	2.7%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	189	193	163	(30)	-15.5%	163	-	0.0%
Operating Supplies	83	71	66	(5)	-6.8%	70	4	5.7%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Development	110	90	86	(4)	-4.4%	86	-	0.0%
Business Development	18	13	15	2	13.4%	15	-	0.0%
Equipment Rentals and Repairs	1,956	1,985	2,692	707	35.6%	2,848	156	5.8%
Tenant Improvements	-	-	-	-	0.0%	-	-	0.0%
Total Non-Personnel Costs	4,072	4,000	4,960	960	24.0%	5,138	178	3.6%
Total Operating Expenses	7,663	7,968	8,640	673	8.4%	8,983	343	4.0%
Joint Studies / Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlement Expense	-	-	-	-	0.0%	-	-	0.0%
Other Non-Operating Expenses	-	-	-	-	0.0%	-	-	0.0%
Total Expenses	7,663	7,968	8,640	673	8.4%	8,983	343	4.0%
Equipment Outlay Expenditures	223	500	100	(400)	-80.0%	500	400	400.0%
Total Authority Expenses Incl Equip Outlay	\$ 7,886	\$ 8,468	\$ 8,740	\$ 273	3.2%	\$ 9,483	\$ 743	8.5%

Finance Division – Information & Technology Services

Major Drivers of FY 2019 Budget & FY 2020 Conceptual Budget

<i>(in thousands)</i>	Inc/(Dec) FY19 vs FY18	Inc/(Dec) FY20 Conceptual vs FY19
FY 2018 Budget / FY 2019 Budget	\$ 8,468	\$ 8,740
Personnel Costs		
Salary adjustments and pay-for-performance *	10	98
Burden (benefits & employer taxes) for current staff *	(74)	76
Capitalized labor ⁽¹⁾	(222)	(10)
Total Increase / (Decrease) in Personnel Costs	(287)	165
FIS O&M	354	69
Parking Management System transferred from Ground Transportation	250	5
Parking Plaza O&M	203	-
Parking Management Office equipment	-	350
Authority wide computer replacement	(300)	-
Other, net	53	154
Total Increase / (Decrease) in Non-Personnel Costs	560	578
Total Increase / (Decrease)	273	743
FY 2019 Budget / FY 2020 Conceptual Budget	\$ 8,740	\$ 9,483

* 3 positions transferred to Innovation & Business Development and 2 positions transferred from Facilities Development.

⁽¹⁾ Capitalized labor is a result of 2 transfers from Facilities Development.

Finance Division – Information & Technology Services

FY 2018 Progress Report

1. Improve delivery of IT services and customer satisfaction by increasing communication, adhering to service level agreements, and diversifying the ways our customers engage with I&TS for the technical issues and requests.

Progress: To increase communication, The I&TS Department added an IT Dispatcher to answer calls placed to the Service Desk, and provide first level IT support. Staff has implemented tracking Service Level Agreements (SLAs) monthly for work orders and are adhering to the SLAs 93% of the time. The staff will continue to monitor and improve our response times and adherence to SLAs.

Strategic Goals:

- Customer, exceed our customers' expectations by introducing innovative service and facility enhancements.
- Operations, grow and efficiently manage capacity for future demand, both landside and airside, including international facilities.

2. Collaborate with departments to produce the IT Strategic Plan and implement technology based solutions to improve operations and/or passenger experiences.

Examples include:

- Collaborate with Terminals and Tenants Department to enhance passenger experience by providing better customer service and improve operational efficiency at checkpoints.
- Collaborate with Ground Transportation, VVE, and other stakeholders to develop a parking/airport rewards solution that is integrated into a single airport mobile app.
- Collaborate with departments and regional agencies to improve the Airport Authority's cyber security defense posture.

Progress: The IT Strategic Plan recommendations to improve operations and partner with the business units were identified and delivered to staff. Staff is in the process of defining the required resources, budget, and timeline to implement each of the ten recommendations provided by our consultant.

Strategic Goals:

- Customer, exceed our customers' expectations by introducing innovative service and facility enhancements.
- Operations, grow and efficiently manage capacity for future demand, both landside and airside, including international facilities.

Finance Division – Information & Technology Services

3. Support critical development projects, such as the FIS, parking plaza and the ADP, to ensure that technology decisions are incorporated into the design and implementation which will improve customer service, operational efficiency, or enhance business revenue.

Progress: I&TS is highly engaged in the FIS and Parking Plaza projects and have been working closely with the JVs to implement the technology systems to have them tested and accepted for turnover of the FIS and opening of the parking plaza.

Strategic Goals:

- Customer, exceed our customers' expectations by introducing innovative service and facility enhancements.
- Operations, grow and efficiently manage capacity for future demand, both landside and airside, including international facilities.
- Financial, execute a Plan of Finance that provides the financial resources necessary to achieve the FY 2022 Future State while maintaining the enterprise's strong financial position.

Finance Division – Information & Technology Services

FY 2019 – FY 2020 Goals

1. Provide ongoing support for applications currently in use by Airport Authority staff while engaging with business partners to identify future technology needs.

Strategic Goal:

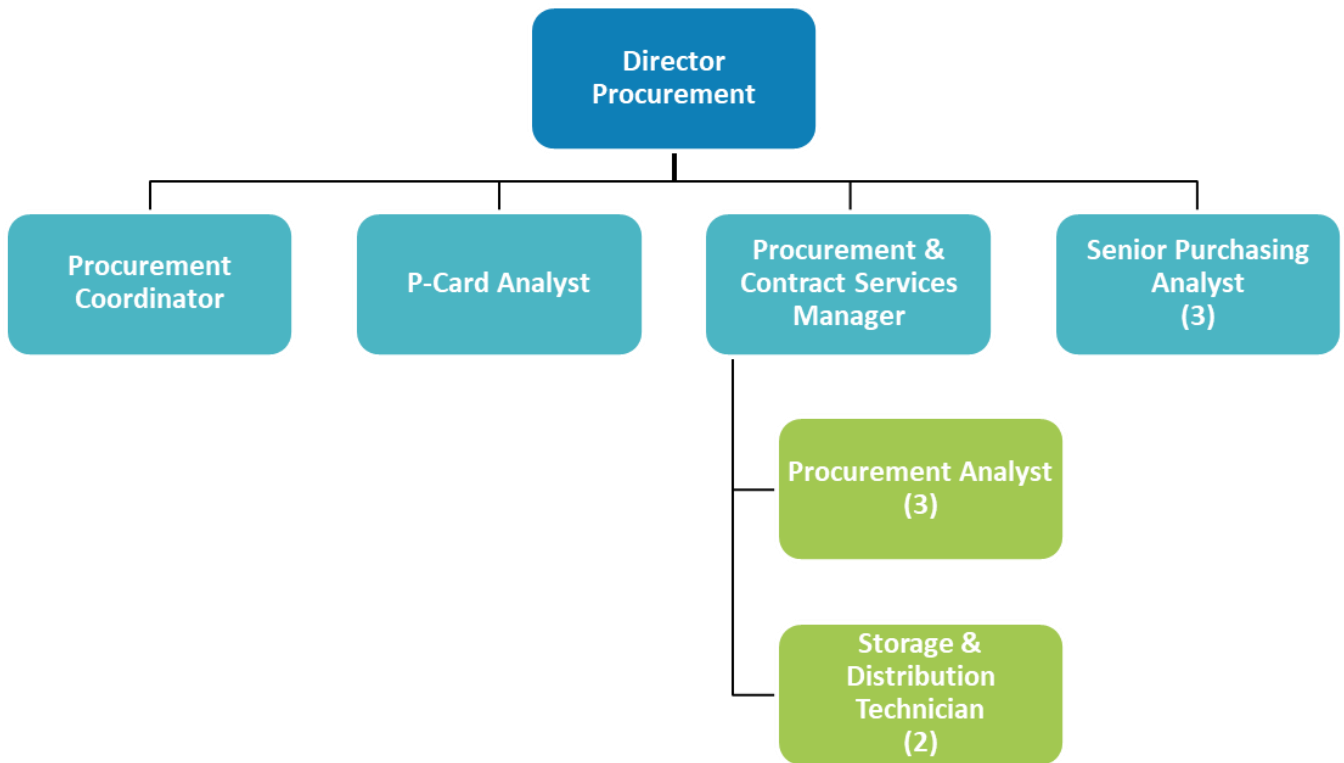
- Operations, grow and efficiently manage capacity for future demand, both landside and airside, including international facilities.

Strategic Initiative:

- 2A. Align facilities to meet demand, both international and domestic
- 2C. Manage ongoing business effectively through change

Finance Division – Procurement

FY 2019 – FY 2020 Organizational Structure



No personnel changes in FY 2020.

Finance Division – Procurement

FY 2019 Budget – FY 2020 Expense Conceptual Budget Summary

<i>(in thousands)</i>	FY2017 Actuals	FY2018 Budget	FY 2019 Budget	Inc / (Dec) FY 19 vs FY18 Budget	% Change	FY 2020 Conceptual Budget	Inc / (Dec) FY 20 Conceptual vs FY 19 Budget	% Change
Operating Expenses								
Salaries & Wages	\$ 841	\$ 902	\$ 931	\$ 29	3.2%	\$ 969	\$ 37	4.0%
Overtime	-	-	-	-	0.0%	-	-	0.0%
Benefits	370	469	461	(8)	-1.7%	490	29	6.2%
Subtotal	1,211	1,371	1,393	21	1.6%	1,459	66	4.7%
Less: Capitalized Labor Recharge	-	-	-	-	0.0%	-	-	0.0%
Less: QHP Labor Recharge	-	-	-	-	0.0%	-	-	0.0%
Total Personnel Costs	1,211	1,371	1,393	21	1.6%	1,459	66	4.7%
Contractual Services	7	18	52	34	190.6%	19	(34)	-64.6%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	0	-	-	-	0.0%	-	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	0	-	-	-	0.0%	-	-	0.0%
Operating Supplies	6	8	8	-	0.0%	8	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Development	13	17	16	(0)	-1.8%	17	1	6.2%
Business Development	3	5	5	(1)	-13.5%	5	0	4.4%
Equipment Rentals and Repairs	56	40	40	-	0.0%	40	-	0.0%
Tenant Improvements	-	-	-	-	0.0%	-	-	0.0%
Total Non-Personnel Costs	85	87	121	33	38.1%	88	(33)	-27.0%
Total Operating Expenses	1,296	1,459	1,513	55	3.8%	1,547	33	2.2%
Joint Studies / Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlement Expense	-	-	-	-	0.0%	-	-	0.0%
Other Non-Operating Expenses	-	-	-	-	0.0%	-	-	0.0%
Total Expenses	1,296	1,459	1,513	55	3.8%	1,547	33	2.2%
Equipment Outlay Expenditures	-	-	-	-	0.0%	-	-	0.0%
Total Authority Expenses Incl Equip Outlay	\$ 1,296	\$ 1,459	\$ 1,513	\$ 55	3.8%	\$ 1,547	\$ 33	2.2%

Finance Division – Procurement

Major Drivers of FY 2019 Budget & FY 2020 Conceptual Budget

<i>(in thousands)</i>	Inc/(Dec) FY19 vs FY18	Inc/(Dec) FY20 Conceptual vs FY19
FY 2018 Budget / FY 2019 Budget	\$ 1,459	\$ 1,513
Personnel Costs		
Salary adjustments and pay-for-performance	29	37
Burden (benefits & employer taxes) for current staff	(8)	29
Total Increase / (Decrease) in Personnel Costs	21	66
Temporary Staffing	35	(35)
Other, net	(2)	2
Total Increase / (Decrease) in Non-Personnel Costs	33	(33)
Total Increase / (Decrease)	55	33
FY 2019 Budget / FY 2020 Conceptual Budget	\$ 1,513	\$ 1,547

Finance Division – Procurement

FY 2018 Progress Report

1. Achieve an overall cost savings of 8% through increased competition and negotiations in FY 2018. Consistently promote cost containment, value added services and operational efficiencies within the contracting process.

Progress: The Procurement Department continues to achieve cost savings through increased competition and negotiations. Contract negotiations also results in value added services and operational efficiencies for the Airport Authority. A savings of 16% has been achieved through increased competition and a savings of 9% has been achieved through contract negotiations in FY 2018.

Strategic Goal:

- Financial, execute a Plan of Finance that provides the financial resources necessary to achieve the FY 2022 Future State while maintaining the enterprise’s strong financial position.

2. Promote customer service to the business community through education, outreach and transparency. Document small, local, disadvantaged and service disabled veteran owned small business participation and contract awards on projects solicited through Procurement in FY 2018.

Progress: All of the solicitations facilitated by Procurement in FY18 document small, local, veteran and disadvantaged business participation. Outreach plans include preferences under policies 5.12 and 5.14 or inclusionary methods. As of February 2018; 531 new vendors have registered in the Airport Authority’s vendor database as a result of outreach by Procurement and Small Business Development. Of the 45 projects solicited since 7/1/2017, 1,788 vendors have actively participated by downloading the opportunity; 17% are certified Small Business Enterprises (SBEs), 39% are self-claimed Local Business Enterprises (LBEs), 8.4% are certified Disadvantaged Business Enterprises (DBEs) and 1.4% are Service-Disabled Veteran Small Business (SDVSB) certified.

The following summary activity reflects fully executed contract awards resulting from competitive solicitations that closed since 7/1/2017.

- Local Business Enterprises received 14 awards (40%) for a total of \$34,013,665 (44.6%)
- Certified SBE’s received 5 awards (14%) for a total of \$10,360,000 (13.6%)
- Certified DBE’s received 2 awards (5%) for a total of \$850,000 (1.1%)
- SDVSB’s received 1 award (2.8%) for a total of \$550,000 (.7%)

A Vendor Satisfaction Survey will be released to procurement’s external customers during the final quarter of FY18.

Strategic Goal:

- Community, enhance community understanding of SAN as an economic engine and portal for prosperity.

Finance Division – Procurement

3. Promote innovation, strengthen controls and improve communication with internal customers in FY 2018.

Success equals:

- Continue to develop staff and work with internal stakeholders to explore new contracting methods that promote innovation and sound contracting practices.
- Develop a contract management guideline to assist internal departments and promote consistency.
- Provide additional training to Airport Authority staff on existing policies, procedures and any new practices or modifications implemented.

Progress: Staff actively participates in various activities focused on innovation and sound contracting practices. In addition to collaborating on aggressive project timelines, new contracting procedures were utilized in the FIS project and in the outreach and selection of a 3rd party operator for the Innovation Lab.

Procurement held two focus groups with contract administrator to assess needs and developed and updated the following contract management tools to assist internal departments and promote consistency;

- Contract Administration Checklist
- Contract Administration Guidelines* (Overview)
- Contract Management Log and Invoice Tracking (spreadsheet)
- Contract Administration Training

*A more in depth guideline has been developed and will be rolled out during the final quarter of FY18.

Strategic Goal:

- Employee, develop leaders and a workforce aligned to the needs of our Strategic Plan and an inclusive environment that reflects the diversity of our community.

4. Collaborate with key stakeholders on new approaches supporting the development and financing of the ADP and Capital Program.

Progress: Staff continues to collaborate with key stakeholders on approaches supporting business development opportunities, optimizing current operations and the Capital Program. Successful collaborations include selecting the best procurement method, an inclusive project outreach plan and negotiation strategies.

Strategic Goals:

- Operations, grow and efficiently manage capacity for future demand, both landside and airside, including international facilities.
- Financial, execute a Plan of Finance that provides the financial resources necessary to achieve the FY 2022 Future State while maintaining the enterprise's strong financial position.

Finance Division – Procurement

FY 2019 – FY 2020 Goals

1. Work in partnership with key stakeholders to determine appropriate procurement methods for advancement of the ADP and other projects and services that incorporate innovative processes in accordance to the agreed upon schedule.

Strategic Goal:

- Operations, grow and efficiently manage capacity for future demand, both landside and airside, including international facilities.

Strategic Initiative:

- 2A. Align facilities to meet demand, both international and domestic

2. Maximize outreach and engagement to the business community by maintaining a 95% project specific outreach plan, tracking small and local business participation and contract awards on solicitations facilitated by Procurement; and participating in various contractor outreach and training events.

Strategic Goal:

- Community, enhance community understanding of SAN as an economic engine and portal for prosperity.

Strategic Initiative:

- 3A. Execute regional engagement and education plan to clearly communicate SAN's role in economic growth

This page intentionally left blank.

OPERATIONS DIVISION



20
06

ARTS PROGRAM

SAN FORMALIZES ITS ARTS PROGRAM BY ESTABLISHING AN ARTS PROGRAM MASTER PLAN. SINCE THAT TIME, THE PROGRAM HAS OFFERED DIVERSE AND SITE-SPECIFIC ARTS PROGRAMMING THROUGHOUT THE AIRPORT.

Operations Division

Overview

The **Operations Division** is responsible for complying with legislative mandates and operating requirements for the airport and the Airport Authority and keeps the traveling public, stakeholders and all levels of government informed and up to date on Airport Authority activities. The division frequently coordinates with regulatory agencies, elected officials and the public to accomplish the Airport Authority's goals. This includes coordination and implementation of local, state and federal laws, and state and federal aviation security rules and regulations. The division works to meet the safety, operational and informational needs of the traveling public, both landside and airside tenants, and key stakeholders.

The **Airside & Terminal Operations** department oversees the myriad of daily activities occurring on the airfield and landside with responsibility for maintaining a safe, secure environment in which the airport's tenants can operate. The department manages these activities in accordance with federal and state regulations, local ordinances and the airport's Rules and Regulations. It participates in the inspection of terminal buildings and select facilities to identify any maintenance and safety deficiencies to ensure operating standards are being met; ensures the prompt reporting of any deficiencies identified; and assure all contract requirements are met.

The **Aviation Security & Public Safety (AVSEC)** department implements all required FAA and TSA security programs and security equipment improvements; manages the Service Level Agreement with Harbor Police; coordinates with all Homeland Security and state agencies for passenger inspection services; develops, administers and implements the Airport Security Program and Airport Emergency Plan; and ensures high level of emergency/crisis preparedness through coordination with local, state and federal agencies.

The **Board Services** department provides guidance and ensures compliance with state and local laws and Airport Authority codes and policies pertaining to the administration of public Board and Committee meetings. The department is also responsible for maintaining Airport Authority Codes and Policies; establishing and maintaining policies regarding the governance of the Airport Authority's records and Information; coordinates communications with the Board of Directors, executive and senior staff; serves as the office of record for Airport Authority contracts, deeds and leases; manages Conflict of Interest Filings, AB 1234 Ethics filings and other filings required by the Political Reform Act; and manages the Airport Authority's lobbyist program.

The **Facilities Management (FMD)** department maintains airport infrastructure and responds to all airport and tenant service requests. The department plans and executes the Major Maintenance Program and assists Facilities Development in the execution of the CIP. It also manages campus utilities and the central utility plant, including the operation and maintenance of the 12-kv electrical distribution system. The department also manages fleet services for all Airport Authority vehicles and equipment; and provides lifecycle asset management through preventative maintenance, facilities condition analysis and planned capital replacement. The department provides services at all hours of the day and night, 365 days a year.

The **Ground Transportation (GT)** department is responsible for operations from the terminal curb and roadways to the parking lots. This includes a parking plaza, five parking lots, and the terminal transportation islands, all of which require coordinated shuttle bus services. The department regulates the airport's commercial transportation service providers, including, taxicabs, shuttles, limousines and courtesy vehicles; issues permits for all ground transportation service provider vehicles; manages the Rental Car Center (RCC) busing operation in conjunction with the RCC bus contractor; and manages the airport parking card program for stakeholders and employees.

Operations Division

The **Inter-Governmental Relations (IGR)** department develops and implements the Airport Authority's legislative and regulatory program and monitors and analyzes legislative and regulatory actions at the federal, state and local levels. The department also provides advocacy services, in conjunction with contracted advocates in Sacramento and Washington D.C., in support of important Airport Authority initiatives and programs.

The **Media & Public Relations (PR)** department provides public relations strategic counsel to executive management on issues impacting the credibility, image and reputation of the Airport Authority and the airport. The unit is responsible for media strategy and is the designated point of contact for the media. The unit also helps executive management communicate key messages about the Airport Authority and SAN through speaking engagements and other public presentations and events. The unit furthers collaboration with civic and community partners and conducts public outreach programs. The department contributes to the airport's vision by enhancing the visibility of SAN and establishing the Airport Authority as a trusted and highly responsive regional agency.

Operations Division

FY 2019 – FY 2020 Organizational Structure



Division Personnel Summary

	FY 2017 Budget	FY 2018 Budget	FY 2019 Budget Transfers	FY 2019 Budget New/ (Eliminated)	FY 2019 Budget	FY 2020 Budget New/ (Eliminated)	FY 2020 Conceptual Budget
Operations Division							
Airside & Terminal Operations ⁽¹⁾	18	15	10	-	25	1	26
Aviation Security & Public Safety	12	17	-	-	17	3	20
Board Services ⁽²⁾	9	9	(4)	-	5	-	5
Facilities Management	86	88	-	-	88	1	89
Ground Transportation	64	64	-	4	68	-	68
Inter-Governmental Relations	2	2	-	-	2	-	2
Media & Public Relations ⁽²⁾	15	15	(10)	-	5	-	5
Terminal & Tenants ⁽⁴⁾	15	17	(17)	-	-	-	-
Total Authorized Funded Positions	221	227	(21)	4	210	5	215

⁽¹⁾ 1 position transferred to Revenue Management and 11 positions transferred from Terminal & Tenants.

⁽²⁾ 4 positions transferred to Talent, Culture & Capability.

⁽³⁾ 10 positions transferred to Marketing, Arts & Air Service Development.

⁽⁴⁾ Terminal & Tenants was dissolved; 17 positions transferred to Airside & Terminal Operations (11), Revenue Management (5) and Innovation & Business Development (1).

Operations Division

FY 2019 Budget – FY 2020 Expense Conceptual Budget Summary

<i>(in thousands)</i>	FY2017 Actuals	FY2018 Budget	FY 2019 Budget	Inc / (Dec) FY 19 vs FY18 Budget	% Change	FY 2020 Conceptual Budget	Inc / (Dec) FY 20 Conceptual vs FY 19 Budget	% Change
Operating Expenses								
Salaries & Wages	\$ 16,217	\$ 17,255	\$ 16,203	\$ (1,051)	-6.1%	\$ 17,121	\$ 918	5.7%
Overtime	620	577	556	(21)	-3.6%	557	1	0.2%
Benefits	7,619	8,810	8,167	(643)	-7.3%	8,814	646	7.9%
Subtotal	24,456	26,642	24,926	(1,715)	-6.4%	26,491	1,565	6.3%
Less: Capitalized Labor Recharge	(7)	(319)	(262)	56	-17.7%	(275)	(13)	4.9%
Less: QHP Labor Recharge	-	-	-	-	0.0%	-	-	0.0%
Total Personnel Costs	24,449	26,323	24,664	(1,659)	-6.3%	26,216	1,552	6.3%
Contractual Services	33,748	36,680	36,170	(509)	-1.4%	36,434	264	0.7%
Safety and Security	28,422	31,065	33,144	2,079	6.7%	34,383	1,240	3.7%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	10,136	11,778	12,788	1,010	8.6%	13,250	461	3.6%
Maintenance	12,622	13,855	12,364	(1,491)	-10.8%	13,337	973	7.9%
Operating Equipment & Systems	231	136	163	27	20.1%	160	(2)	-1.5%
Operating Supplies	400	304	347	43	14.3%	349	2	0.6%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Development	397	369	298	(71)	-19.2%	301	2	0.8%
Business Development	1,609	2,503	545	(1,958)	-78.2%	511	(35)	-6.3%
Equipment Rentals and Repairs	191	219	372	152	69.5%	330	(42)	-11.2%
Tenant Improvements	-	-	-	-	0.0%	-	-	0.0%
Total Non-Personnel Costs	87,756	96,909	96,192	(717)	-0.7%	99,055	2,863	3.0%
Total Operating Expenses	112,205	123,232	120,856	(2,375)	-1.9%	125,271	4,415	3.7%
Joint Studies / Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlement Expense	-	-	-	-	0.0%	-	-	0.0%
Other Non-Operating Expenses	(2)	-	-	-	0.0%	-	-	0.0%
Other Non-Operating Expenses	(2)	-	-	-	0.0%	-	-	0.0%
Total Expenses	112,203	123,232	120,856	(2,375)	-1.9%	125,271	4,415	3.7%
Equipment Outlay Expenditures	1,432	937	762	(175)	-18.7%	1,029	267	35.1%
Total Authority Expenses Incl Equip Outlay	\$ 113,635	\$ 124,169	\$ 121,618	\$ (2,551)	-2.1%	\$ 126,300	\$ 4,683	3.9%

Operations Division

Major Drivers of FY 2019 Budget & FY 2020 Conceptual Budget

<i>(in thousands)</i>	Inc/(Dec) FY19 vs FY18	Inc/(Dec) FY20 Conceptual vs FY19
FY 2018 Budget / FY 2019 Budget	\$ 124,169	\$ 121,618
Personnel Costs		
4 new limited positions of Air Traffic Officers (salaries & burden)	257	-
Capitalized Labor *	56	(13)
5 new positions (salaries & burden)	-	517
Burden (benefits & employer taxes) for current staff *	(728)	501
Salary adjustments, contracted wage increases and pay-for-performance *	(1,244)	547
Total Increase / (Decrease) in Personnel Costs	(1,659)	1,552
Parking and Shuttle Operations	1,022	219
Parking Plaza O&M	831	242
FIS O&M	827	24
Port District Harbor Police Department law enforcement	825	789
Utilities	560	448
Janitorial Services	508	(117)
Customs and Border Protection (CBP) overtime	350	-
Aircraft Rescue and Fire Fight (ARFF)	236	169
Guard Services	224	153
Rental Car Center (RCC) Busing	173	105
Marketing Consultants transferred to Marketing, Arts & Air Service Development	(685)	(0)
Receiving & Distribution Center Services transferred to Revenue Management	(1,663)	-
Sponsorship and marketing activities transferred to Marketing, Arts & Air Service Development	(1,941)	(40)
Annual and Major Maintenance	(1,997)	835
Other, net	(162)	303
Total Increase / (Decrease) in Non-Personnel Costs	(892)	3,131
Total Increase / (Decrease)	(2,551)	4,683
FY 2019 Budget / FY 2020 Conceptual Budget	\$ 121,618	\$ 126,300

* 21 positions transferred to Revenue Management & Innovation division.

Operations Division

FY 2019 Expense Budget by Department

(in thousands)

Departments	FY 2019 Budget
Facilities Mangement	\$ 36,791
Ground Transportation	32,090
Aviation Security & Public Safety	31,042
Airside & Terminal Operations	18,450
Media & Public Relations	1,601
Board Services	832
Inter-Governmental Relations	813
Total ⁽¹⁾	\$ 121,618

⁽¹⁾ Total may differ due to rounding

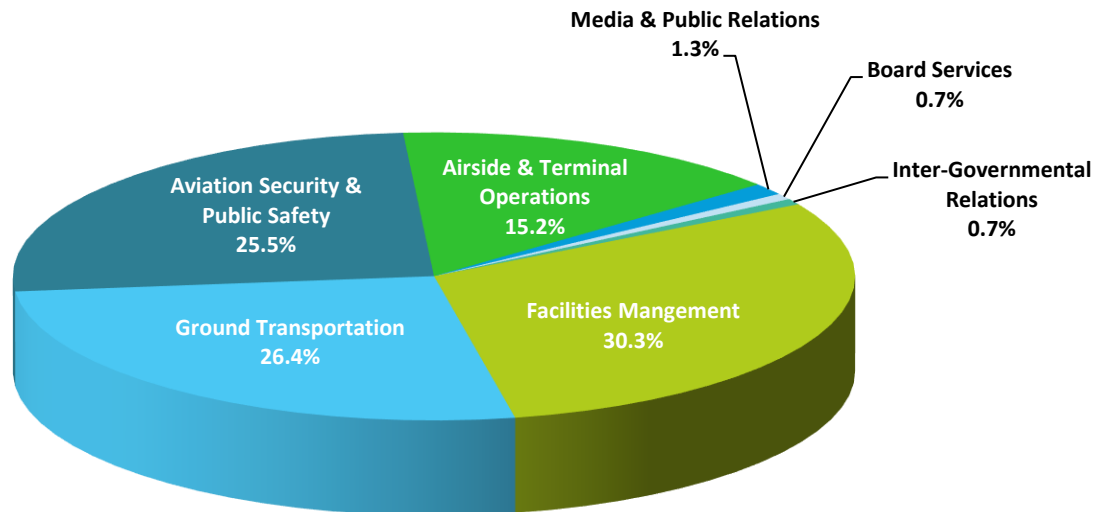


Figure 34 – FY 2019 Expense Budget by Department

Operations Division

FY 2020 Expense Conceptual Budget by Department

(in thousands)

Departments	FY 2020 Conceptual Budget
Facilities Mangement	\$ 38,960
Ground Transportation	32,639
Aviation Security & Public Safety	32,653
Airside & Terminal Operations	18,764
Media & Public Relations	1,597
Board Services	861
Inter-Governmental Relations	826
Total ⁽¹⁾	\$ 126,300

⁽¹⁾ Total may differ due to rounding

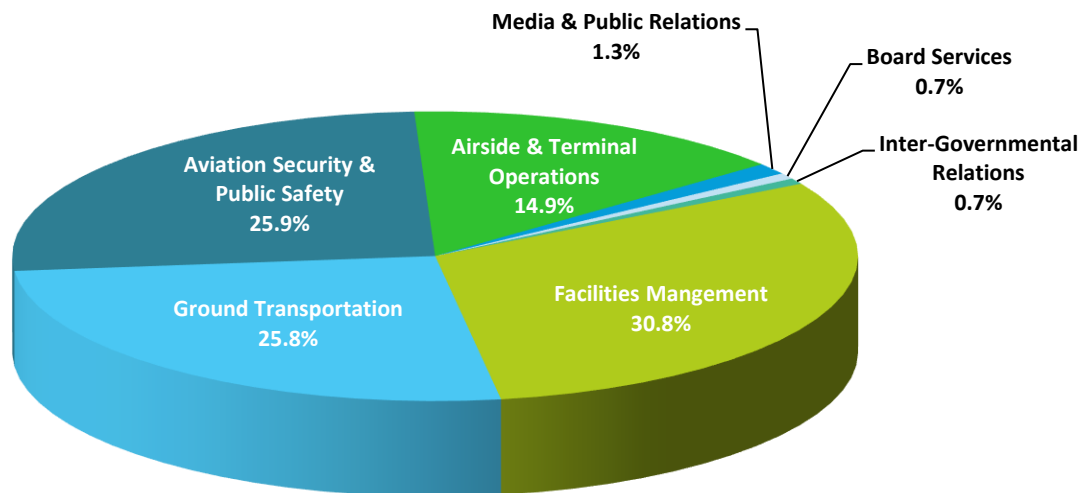


Figure 35 – FY 2020 Expense Conceptual Budget by Department

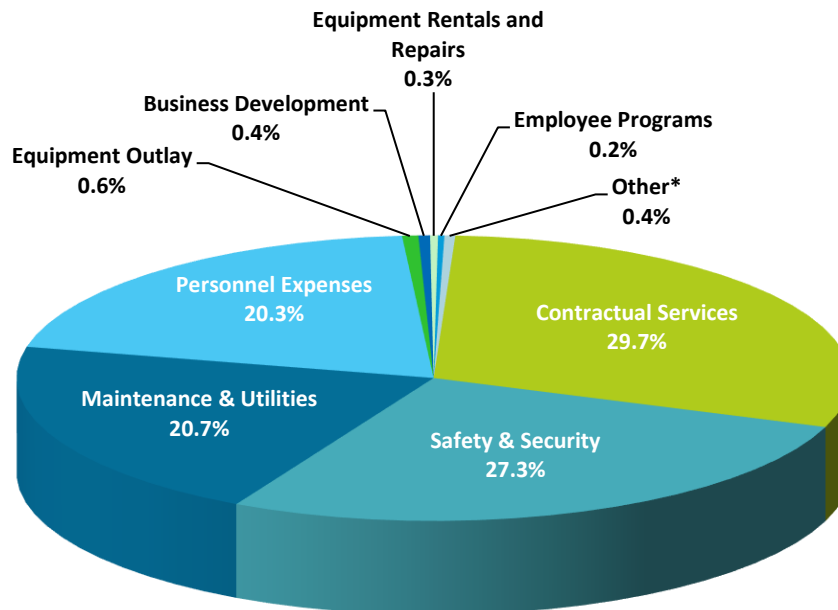
Operations Division

FY 2019 Expense Budget by Category

(in thousands)

Category	FY 2019 Budget
Contractual Services	\$ 36,170
Safety & Security	33,144
Maintenance & Utilities	25,152
Personnel Expenses	24,664
Equipment Outlay	762
Business Development	545
Equipment Rentals and Repairs	372
Employee Programs	298
Other*	510
Total ⁽¹⁾	\$ 121,618

⁽¹⁾ Total may differ due to rounding



*Other includes operating equipment & systems, utilities and operating supplies, equipment rentals & repairs, legal settlements, etc.

Figure 36 – FY 2019 Expense Budget by Category

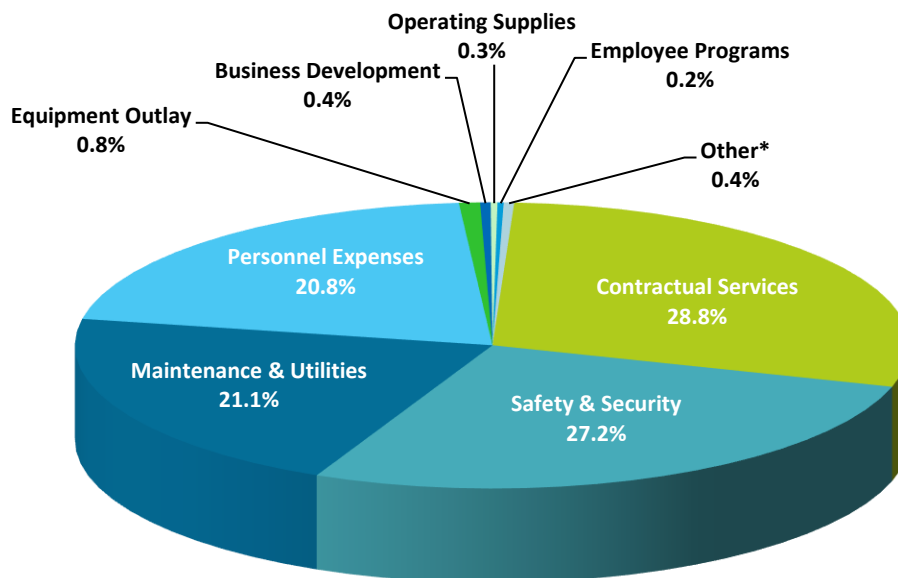
Operations Division

FY 2020 Expense Conceptual Budget by Category

(in thousands)

Category	FY 2020 Conceptual Budget
Contractual Services	\$ 36,434
Safety & Security	34,383
Maintenance & Utilities	26,587
Personnel Expenses	26,216
Equipment Outlay	1,029
Business Development	511
Operating Supplies	330
Employee Programs	301
Other*	509
Total ⁽¹⁾	\$ 126,300

⁽¹⁾ Total may differ due to rounding

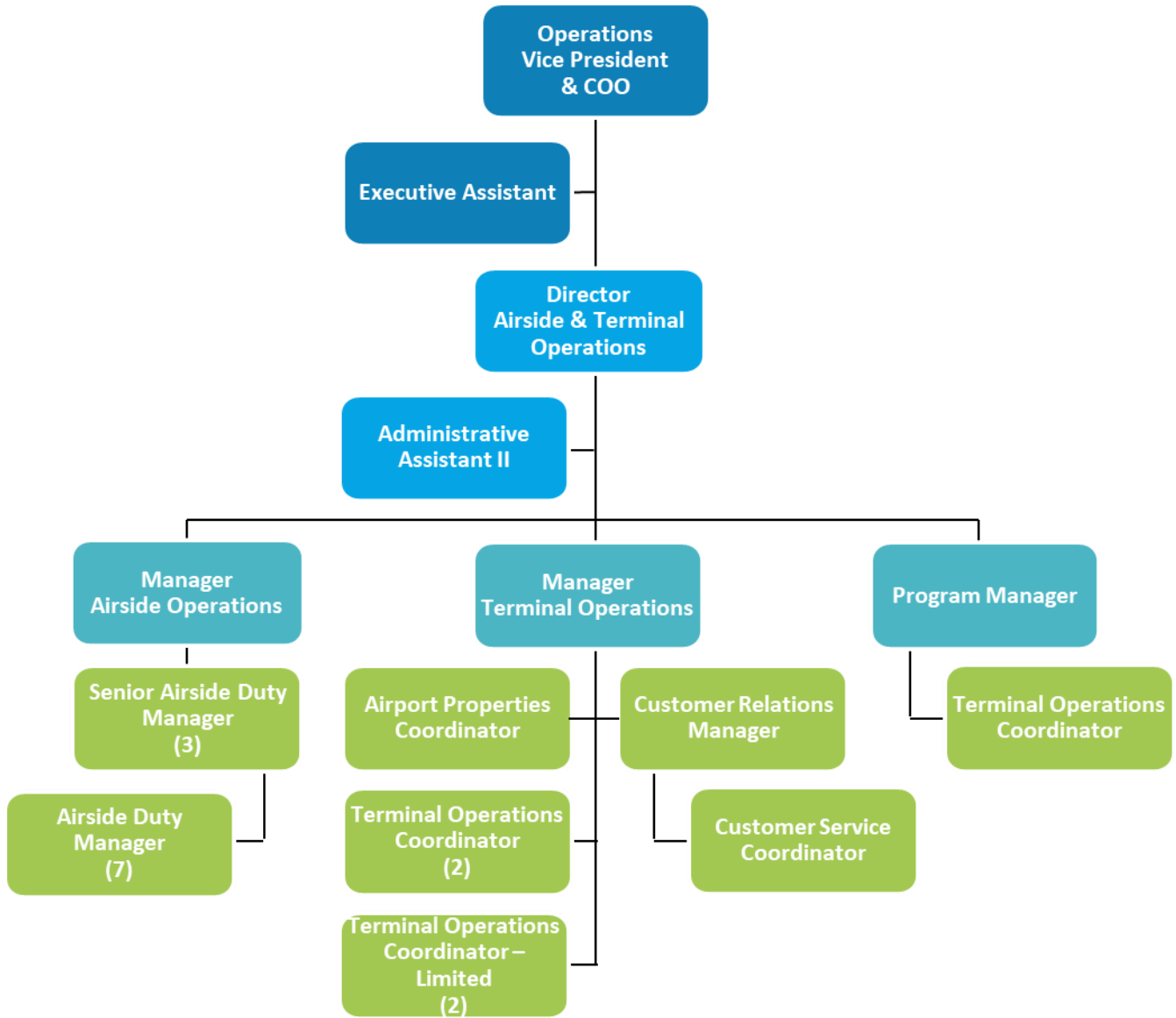


*Other includes operating equipment & systems, utilities and operating supplies, equipment rentals & repairs, legal settlements, etc.

Figure 37 – FY 2020 Expense Conceptual Budget by Category

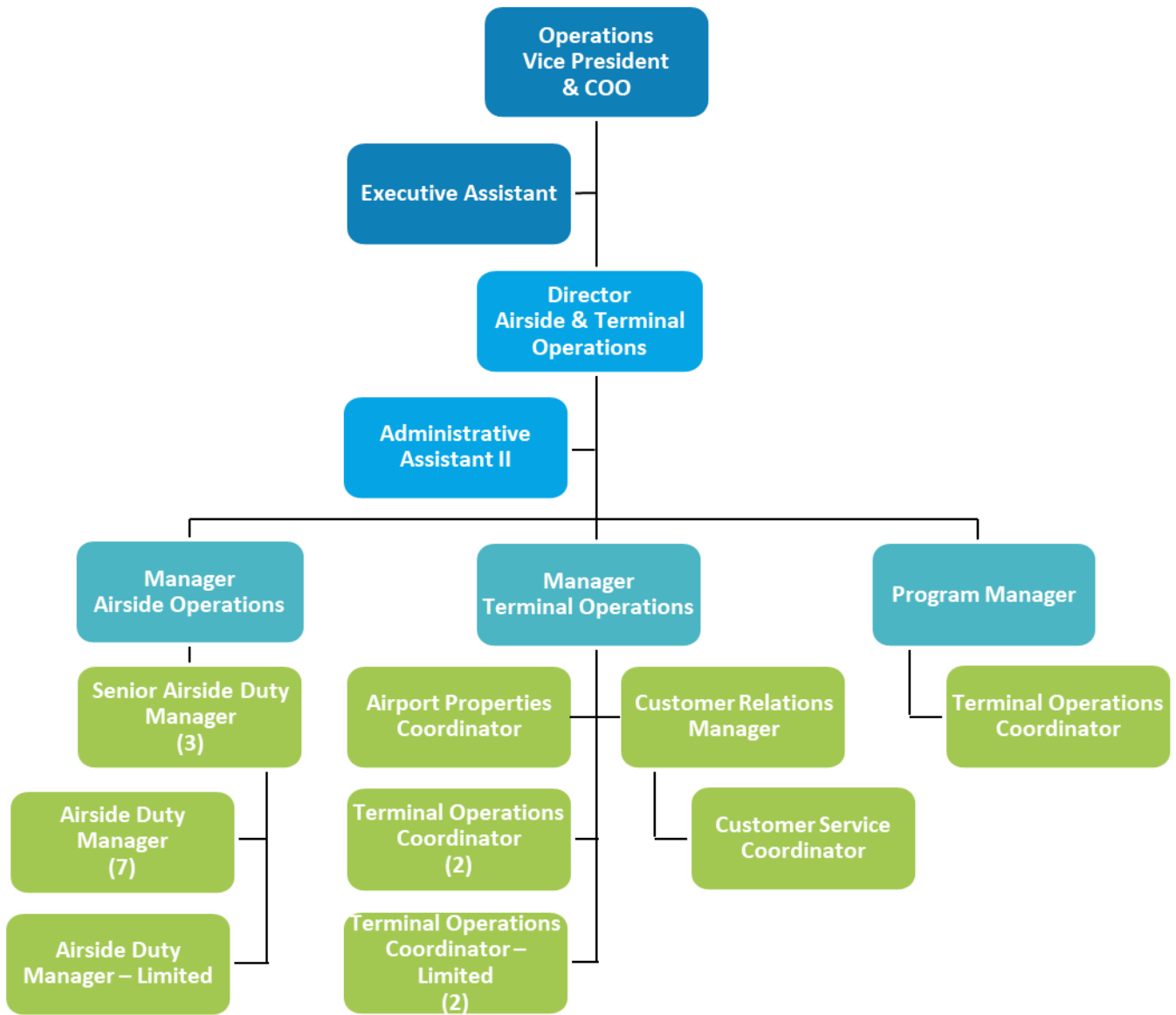
Operations Division – Airside & Terminal Operations

FY 2019 Organizational Structure



Operations Division – Airside & Terminal Operations

FY 2020 Organizational Structure



Operations Division – Airside & Terminal Operations

FY 2019 Budget – FY 2020 Expense Conceptual Budget Summary

<i>(in thousands)</i>	FY2017 Actuals	FY2018 Budget	FY 2019 Budget	Inc / (Dec) FY 19 vs FY18 Budget	% Change	FY 2020 Conceptual Budget	Inc / (Dec) FY 20 Conceptual vs FY 19 Budget	% Change
Operating Expenses								
Salaries & Wages	\$ 1,798	\$ 1,653	\$ 2,526	\$ 873	52.8%	\$ 2,712	\$ 186	7.4%
Overtime	26	17	26	9	52.9%	27	1	3.8%
Benefits	751	788	1,200	412	52.2%	1,311	110	9.2%
Subtotal	2,574	2,459	3,752	1,294	52.6%	4,049	297	7.9%
Less: Capitalized Labor Recharge	2	-	(212)	(212)	0.0%	(222)	(10)	4.9%
Less: QHP Labor Recharge	-	-	-	-	0.0%	-	-	0.0%
Total Personnel Costs	2,576	2,459	3,540	1,082	44.0%	3,827	287	8.1%
Contractual Services	793	825	8,944	8,119	984.1%	8,819	(125)	-1.4%
Safety and Security	4,983	5,386	5,621	236	4.4%	5,791	169	3.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	0	-	0	0	0.0%	0	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	5	17	52	35	211.4%	45	(7)	-13.5%
Operating Supplies	18	14	23	9	66.8%	23	(0)	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Development	28	42	71	29	69.9%	68	(3)	-4.2%
Business Development	65	29	82	53	183.5%	83	1	1.4%
Equipment Rentals and Repairs	61	69	101	32	45.8%	73	(28)	-27.9%
Tenant Improvements	-	-	-	-	0.0%	-	-	0.0%
Total Non-Personnel Costs	5,953	6,381	14,895	8,513	133.4%	14,902	7	0.0%
Total Operating Expenses	8,530	8,840	18,435	9,595	108.5%	18,729	294	1.6%
Joint Studies / Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlement Expense	-	-	-	-	0.0%	-	-	0.0%
Other Non-Operating Expenses	-	-	-	-	0.0%	-	-	0.0%
Total Expenses	8,530	8,840	18,435	9,595	108.5%	18,729	294	1.6%
Equipment Outlay Expenditures	-	-	15	15	0.0%	35	20	133.3%
Total Authority Expenses Incl Equip Outlay	\$ 8,530	\$ 8,840	\$ 18,450	\$ 9,610	108.7%	\$ 18,764	\$ 314	1.7%

Operations Division – Airside & Terminal Operations

Major Drivers of FY 2019 Budget & FY 2020 Conceptual Budget

<i>(in thousands)</i>	Inc/(Dec) FY19 vs FY18	Inc/(Dec) FY20 Conceptual vs FY19
FY 2018 Budget / FY 2019 Budget	\$ 8,840	\$ 18,450
Personnel Costs		
Salary adjustments and pay-for-performance *	882	99
Burden (benefits & employer taxes) for current staff *	412	77
1 new limited position of Airside Duty Manager II (salaries & burden)	-	121
Capitalized labor *	(212)	(10)
Total Increase / (Decrease) in Personnel Costs	1,082	287
Janitorial Services transferred from Terminal & Tenants	6,838	(117)
Outside Services transferred from Terminal & Tenants	1,016	67
Aircraft Rescue and Fire Fight (ARFF)	236	169
Other, net	439	(92)
Total Increase / (Decrease) in Non-Personnel Costs	8,528	27
Total Increase / (Decrease)	9,610	314
FY 2019 Budget / FY 2020 Conceptual Budget	\$ 18,450	\$ 18,764

* 1 position transferred to Revenue Management and 11 positions transferred from Terminal & Tenants.

Operations Division – Airside & Terminal Operations

FY 2018 Progress Report

1. Oversee the planning, coordination and construction activities to rehabilitate Runway 9 -27 and Cross Taxiways Bravo 1, Bravo 4, Bravo 5, Bravo 6, Bravo 7, Charlie 3, Charlie 4 and Charlie 6. This project is estimated to be completed by October 2018.

Progress: Runway overlay paving has been completed with grooving and electrical light upgrades scheduled to be completed by the end of May. Work continues on the east side of Taxiway B1. The schedule has been modified to reflect hard closures ending in late May and resuming from Sep 5, 2018 through January 31, 2019 to complete work on the west side of Taxiway B1, B4-B7 and C3, C4 and C6.

Strategic Goal:

- Operations, grow and efficiently manage capacity for future demand, both landside and airside, including international facilities.

2. Oversee the planning, coordination and construction activities to improve the Taxiway Bravo OFA between Taxiway B6 and Taxiway Delta. The project's completion date is dependent upon a number of variables currently being addressed. Update to follow.

Progress: The project is scheduled for completion in May 2018.

Strategic Goal:

- Operations, grow and efficiently manage capacity for future demand, both landside and airside, including international facilities.

3. Ensure that SDIA is operated in compliance with FAA FAR Part 139 requirements. Success for this goal will be achieved if both: (1) the annual FAA Certification inspection does not identify any Part 139 violations that are subject to civil penalty, and (2) there are no SDIA airfield incidents/accidents attributed to Part 139 compliance. The project's completion date will be met in part by the annual FAR Part 139 inspection usually scheduled in June.

Progress: The annual FAA inspection is scheduled for June or July 2018.

Strategic Goal:

- Operations, grow and efficiently manage capacity for future demand, both landside and airside, including international facilities.

Strategic Goal:

- Customer, exceed our customers' expectations by introducing innovative service and facility enhancements.
- Customer, exceed our customers' expectations by introducing innovative service and facility enhancements.

Operations Division – Airside & Terminal Operations

FY 2019 – FY 2020 Goals

1. Ensure that SDIA is operated in compliance with the FAA FAR Part 139 requirements. Success for this goal will be achieved if both: (1) the annual FAA Certification inspection does not identify any Part 139 violations that are subject to civil penalty, and (2) there are no SDIA airfield incidents / accidents attributed to Part 139 compliance.

Strategic Goal:

- Operations, grow and efficiently manage capacity for future demand, both landside and airside, including international facilities.

Strategic Initiative:

- 2A. Align facilities to meet demand, both international and domestic

2. Oversee the planning, coordination and construction activities associated with the fuel rack relocation and the installation of hydrant fueling to Gates 46, 47, 48, 49, 50 and 51.

Strategic Goal:

- Operations, grow and efficiently manage capacity for future demand, both landside and airside, including international facilities.

Strategic Initiative:

- 1B. Advance the ADP

3. Oversee the construction activity associated with the construction work on the west side of Taxiway B1 to transition from asphalt to concrete.

Strategic Goal:

- Operations, grow and efficiently manage capacity for future demand, both landside and airside, including international facilities.

Strategic Initiative:

- 2A. Align facilities to meet demand, both international and domestic

4. Provide activation and overnight transition support to Airport Support Facilities and Air Cargo projects.

Strategic Goal:

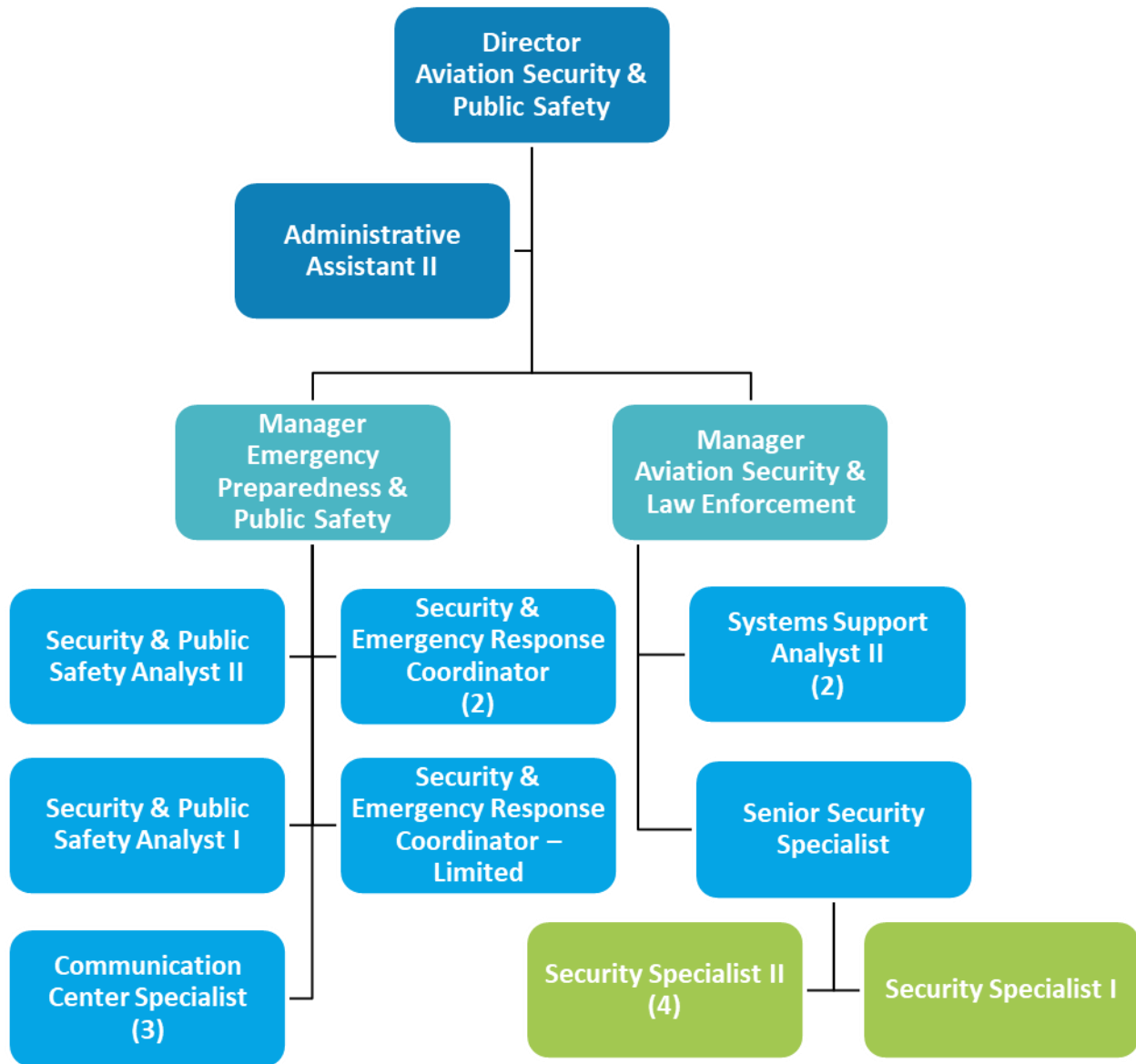
- Operations, grow and efficiently manage capacity for future demand, both landside and airside, including international facilities.

Strategic Initiative:

- 2C. Manage ongoing business effectively through change

Operations Division – Aviation Security & Public Safety

FY 2020 Organizational Structure.



Operations Division – Aviation Security & Public Safety

FY 2019 Budget – FY 2020 Expense Conceptual Budget Summary

<i>(in thousands)</i>	FY2017 Actuals	FY2018 Budget	FY 2019 Budget	Inc / (Dec) FY 19 vs FY18 Budget	% Change	FY 2020 Conceptual Budget	Inc / (Dec) FY 20 Conceptual vs FY 19 Budget	% Change
Operating Expenses								
Salaries & Wages	\$ 1,041	\$ 1,382	\$ 1,387	\$ 6	0.4%	\$ 1,643	\$ 256	18.4%
Overtime	46	60	50	(10)	-16.7%	50	-	0.0%
Benefits	432	662	661	(1)	-0.1%	795	133	20.2%
Subtotal	1,519	2,104	2,098	(5)	-0.2%	2,488	389	18.6%
Less: Capitalized Labor Recharge	-	-	-	-	0.0%	-	-	0.0%
Less: QHP Labor Recharge	-	-	-	-	0.0%	-	-	0.0%
Total Personnel Costs	1,519	2,104	2,098	(5)	-0.2%	2,488	389	18.6%
Contractual Services	567	678	691	13	1.9%	712	21	3.0%
Safety and Security	23,439	25,679	27,522	1,843	7.2%	28,593	1,070	3.9%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	0	-	-	-	0.0%	-	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	68	40	41	1	2.5%	46	5	12.2%
Operating Supplies	163	135	144	9	6.3%	144	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Development	20	30	29	(1)	-3.5%	29	0	1.7%
Business Development	8	39	9	(30)	-77.2%	9	-	0.0%
Equipment Rentals and Repairs	14	23	143	120	521.8%	143	(0)	0.0%
Tenant Improvements	-	-	-	-	0.0%	-	-	0.0%
Total Non-Personnel Costs	24,279	26,624	28,579	1,955	7.3%	29,675	1,096	3.8%
Total Operating Expenses	25,798	28,727	30,677	1,950	6.8%	32,163	1,486	4.8%
Joint Studies / Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlement Expense	-	-	-	-	0.0%	-	-	0.0%
Other Non-Operating Expenses	(2)	-	-	-	0.0%	-	-	0.0%
Other Non-Operating Expenses	(2)	-	-	-	0.0%	-	-	0.0%
Total Expenses	25,796	28,727	30,677	1,950	6.8%	32,163	1,486	4.8%
Equipment Outlay Expenditures	97	515	365	(150)	-29.1%	490	125	34.2%
Total Authority Expenses Incl Equip Outlay	\$ 25,893	\$ 29,242	\$ 31,042	\$ 1,800	6.2%	\$ 32,653	\$ 1,611	5.2%

Operations Division – Aviation Security & Public Safety

Major Drivers of FY 2019 Budget & FY 2020 Conceptual Budget

<i>(in thousands)</i>	Inc/(Dec) FY19 vs FY18	Inc/(Dec) FY20 Conceptual vs FY19
FY 2018 Budget / FY 2019 Budget	\$ 29,242	\$ 31,042
Personnel Costs		
1 new limited position of Security & Emergency Response Coordinator (salaries & burden)	-	94
2 new positions of Communication Center Specialist (salaries & burden)	-	189
Burden (benefits & employer taxes) for current staff	(1)	51
Salary adjustments and pay-for-performance	(4)	55
Total Increase / (Decrease) in Personnel Costs	(5)	389
Port District Harbor Police Department law enforcement	825	789
Customs and Border Protection (CBP) overtime	350	-
Guard Services	224	153
FIS O&M	200	6
Other, net	205	273
Total Increase / (Decrease) in Non-Personnel Costs	1,805	1,221
Total Increase / (Decrease)	1,800	1,611
FY 2019 Budget / FY 2020 Conceptual Budget	\$ 31,042	\$ 32,653

Operations Division – Aviation Security & Public Safety

FY 2018 Progress Report

1. Ensure that SAN continues to comply with all applicable federal, state and local regulations and achieves excellence in the areas of Public Safety, Emergency / Disaster Preparedness and Airport Certification by planning and conducting tabletop and field exercises in compliance with FAR Part 139.325(g)(4) for FY 2018 (November 2017 – Field Exercise) and FY 2019 (November 2018 – Tabletop Exercise).

Progress: Aviation Security and Public Safety conducted an FAA required mass-casualty field exercise on October 25, 2017. The FAA required tabletop exercise will take place in October 2018.

Strategic Goal:

- Operations, grow and efficiently manage capacity for future demand, both landside and airside, including international facilities.

2. Enhance Emergency/Disaster Preparedness training of Airport Authority staff and appropriate agencies by conducting an EOC Functional Exercise; to be completed by the fourth quarter of FY 2018.

Progress: The Aviation Security and Public Safety Department conducted an EOC functional exercise on November 8, 2017.

Strategic Goal:

- Operations, grow and efficiently manage capacity for future demand, both landside and airside, including international facilities.

3. Continue implementation of a CMS / Identity Management System for the ACO. This system will reduce ACO staff time spent with each SAN ID badge applicant. The system will also increase efficiency in data entry and retrieval. More efficient data retrieval and reporting will reduce the amount of time that the ACO staff spends on TSA credential audits. Increasing the use of technology allows the staff to assume increased workloads without increasing department headcount.

Progress: CIP project created; and contract awarded to Quantum Secure, Inc. Project kick-off meeting held week of January 26, 2018. Project completion now anticipated August 2018.

Strategic Goal:

- Operations, grow and efficiently manage capacity for future demand, both landside and airside, including international facilities.

Operations Division – Aviation Security & Public Safety

FY 2019 – FY 2020 Goals

1. Update and revise the existing Airport Emergency Plan (AEP) to account for the operational growth and staff changes in the Aviation Security and Public Safety Department (i.e. the Airport Communication Center (ACC) and the Security and Emergency Response Coordinator (SERC) positions). Once completed, the revised AEP will be sent to the FAA for stamped approval.

Strategic Goal:

- Operations, grow and efficiently manage capacity for future demand, both landside and airside, including international facilities.

Strategic Initiative:

- 2C. Manage ongoing business effectively through change

2. Develop a five (5) and ten (10) year departmental staffing (and inherent succession) plan that addresses the daily operational needs of the Airport Authority, as well as, prepares for the upcoming challenges of the ADP and its supporting projects and initiatives.

Strategic Goal:

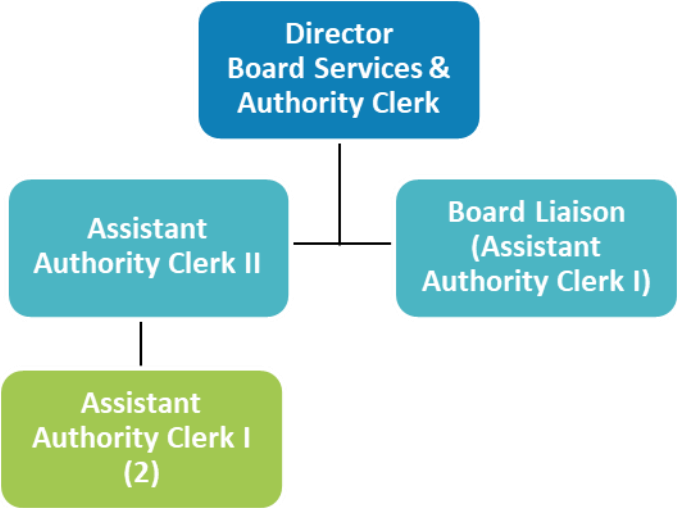
- Employee, develop leaders and a workforce aligned to the needs of our Strategic Plan and an inclusive environment that reflects the diversity of our community.

Strategic Initiative:

- 4A. Create an effective succession and transition plan for ongoing leadership changes

Operations Division – Board Services

FY 2019 – FY 2020 Organizational Structure



No personnel changes in FY 2020.

Operations Division – Board Services

FY 2019 Budget – FY 2020 Expense Conceptual Budget Summary

<i>(in thousands)</i>	FY2017 Actuals	FY2018 Budget	FY 2019 Budget	Inc / (Dec) FY 19 vs FY18 Budget	% Change	FY 2020 Conceptual Budget	Inc / (Dec) FY 20 Conceptual vs FY 19 Budget	% Change
Operating Expenses								
Salaries & Wages	\$ -	\$ -	\$ 415	\$ 415	0.0%	\$ 432	\$ 17	4.0%
Overtime	-	-	-	-	0.0%	-	-	0.0%
Benefits	-	-	201	201	0.0%	213	12	6.1%
Subtotal	-	-	616	616	0.0%	645	29	4.7%
Less: Capitalized Labor Recharge	-	-	-	-	0.0%	-	-	0.0%
Less: QHP Labor Recharge	-	-	-	-	0.0%	-	-	0.0%
Total Personnel Costs			616	616	0.0%	645	29	4.7%
Contractual Services	114	107	107	-	0.0%	107	-	0.0%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	-	-	-	-	0.0%	-	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	-	-	20	20	0.0%	20	-	0.0%
Operating Supplies	1	-	4	4	0.0%	4	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Development	9	11	29	18	158.0%	29	-	0.0%
Business Development	26	37	43	6	15.0%	43	-	0.0%
Equipment Rentals and Repairs	-	-	13	13	0.0%	13	-	0.0%
Tenant Improvements	-	-	-	-	0.0%	-	-	0.0%
Total Non-Personnel Costs	150	156	216	60	38.8%	216	-	0.0%
Total Operating Expenses	150	156	832	676	434.9%	861	29	3.5%
Joint Studies / Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlement Expense	-	-	-	-	0.0%	-	-	0.0%
Other Non-Operating Expenses	-	-	-	-	0.0%	-	-	0.0%
Total Expenses	150	156	832	676	434.9%	861	29	3.5%
Equipment Outlay Expenditures	-	-	-	-	0.0%	-	-	0.0%
Total Authority Expenses Incl Equip Outlay	\$ 150	\$ 156	\$ 832	\$ 676	434.9%	\$ 861	\$ 29	3.5%

Operations Division – Board Services

Major Drivers of FY 2019 Budget & FY 2020 Conceptual Budget

<i>(in thousands)</i>	Inc/(Dec) FY19 vs FY18	Inc/(Dec) FY20 Conceptual vs FY19
FY 2018 Budget / FY 2019 Budget	\$ 156	\$ 832
Personnel costs		
Salary adjustments and pay-for-performance *	415	17
Burden (benefits & employer taxes) for current staff *	201	12
Total Increase / (Decrease) in personnel costs	616	29
Business Continuity Plan software transferred from Corporate & Information Governance	20	-
Employee development transferred from Corporate & Information Governance	18	-
Other, net	23	0
Total Increase / (Decrease) in non-personnel costs	60	0
Total Increase / (Decrease)	676	29
FY 2019 Budget / FY 2020 Conceptual Budget	\$ 832	\$ 861

* 5 positions transferred from Corporate & Information Governance.

Operations Division – Board Services

FY 2018 Progress Report

1. Automate the agenda and staff report preparation and distribution process to create efficiency and reduce the costs associated with the reproduction of documents by May 2018

Progress: The project was put on hold due to higher priorities.

Strategic Goals:

- **Operations,** grow and efficiently manage capacity for future demand, both landside and airside, including international facilities.

2. Complete a comprehensive update of Airport Authority Codes and Policies for Board approval by December 2017.

Progress: Staff has reviewed 95% review of Airport Authority Policies.

Strategic Goals:

- **Operations,** grow and efficiently manage capacity for future demand, both landside and airside, including international facilities.

Operations Division – Board Services

FY 2019 – FY 2020 Goals

1. Automate the agenda and staff report preparation and distribution process to create efficiency and reduce the costs associated with the reproduction of documents.

Strategic Goal:

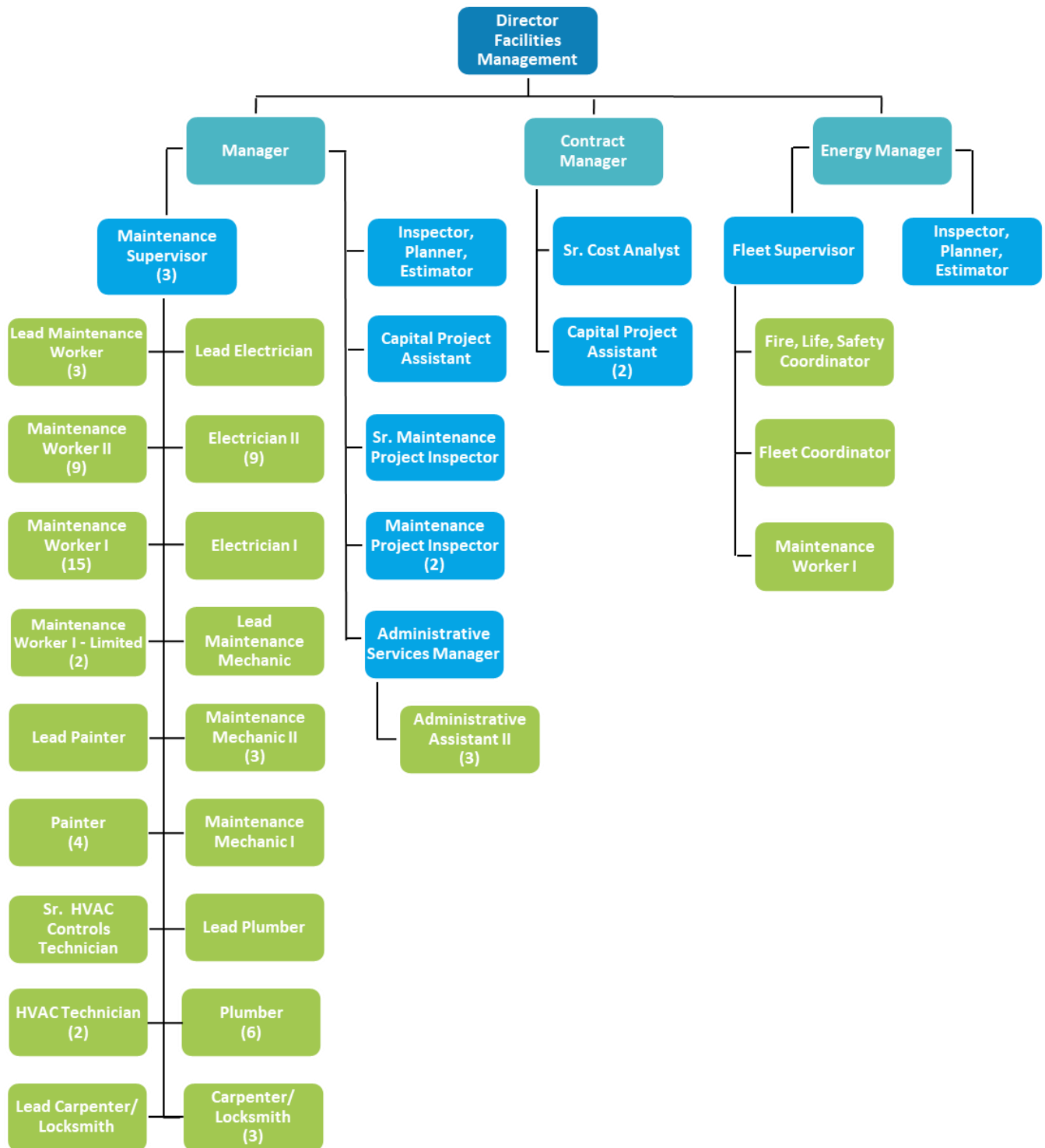
- Operations, grow and efficiently manage capacity for future demand, both landside and airside, including international facilities.

Strategic Initiative:

- 5B. Invest/participate in innovation that improves efficiency or enhances revenue.

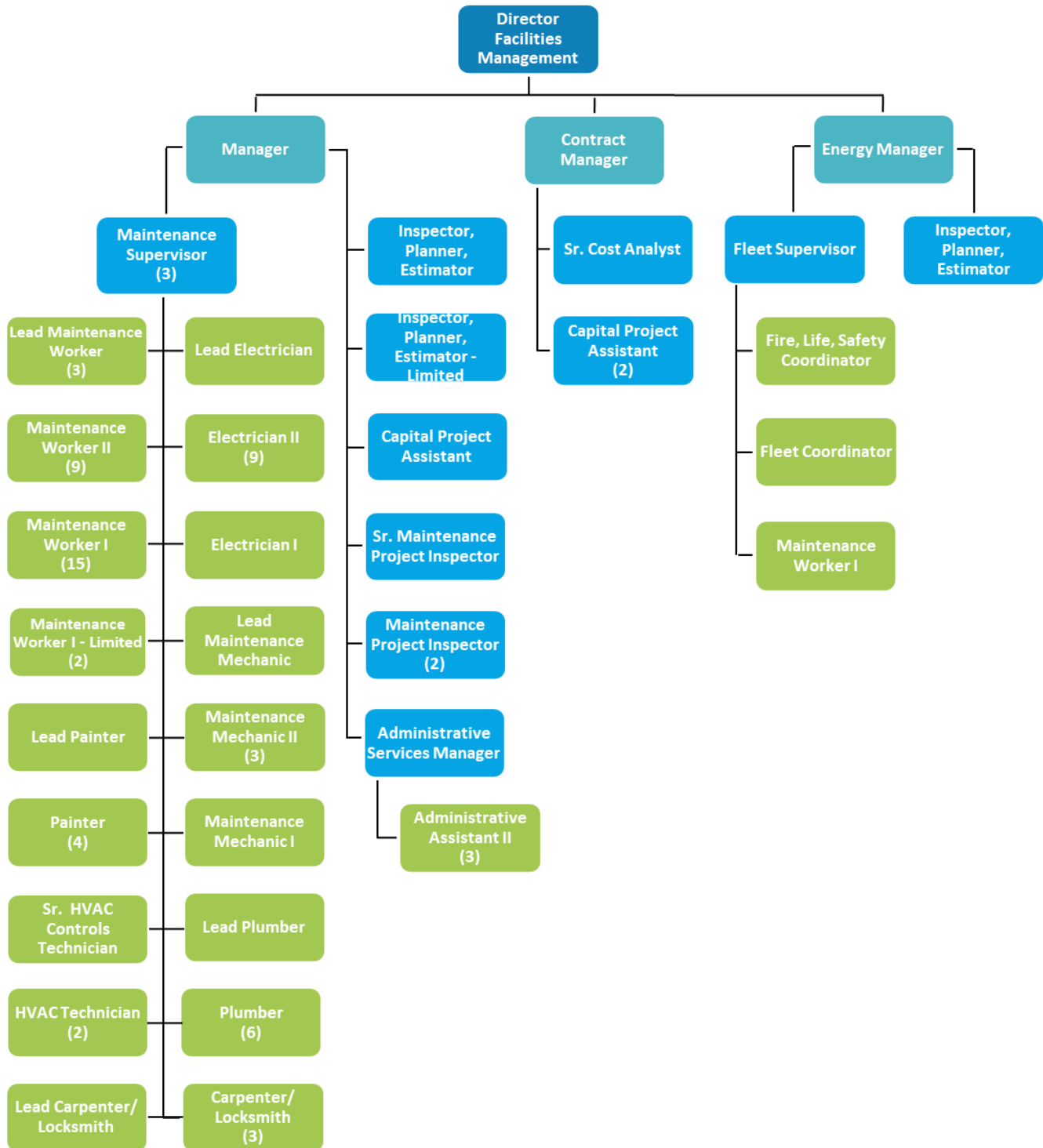
Operations Division – Facilities Management

FY 2019 Organizational Structure



Operations Division – Facilities Management

FY 2020 Organizational Structure



Operations Division – Facilities Management

FY 2019 Budget – FY 2020 Expense Conceptual Budget Summary

<i>(in thousands)</i>	FY2017 Actuals	FY2018 Budget	FY 2019 Budget	Inc / (Dec) FY 19 vs FY18 Budget	% Change	FY 2020 Conceptual Budget	Inc / (Dec) FY 20 Conceptual vs FY 19 Budget	% Change
Operating Expenses								
Salaries & Wages	\$ 5,953	\$ 6,523	\$ 6,807	\$ 285	4.4%	\$ 7,104	\$ 297	4.4%
Overtime	468	450	450	-	0.0%	450	-	0.0%
Benefits	2,910	3,380	3,488	108	3.2%	3,724	235	6.7%
Subtotal	9,331	10,353	10,746	393	3.8%	11,278	532	4.9%
Less: Capitalized Labor Recharge	(7)	(100)	(51)	49	-49.5%	(53)	(2)	4.9%
Less: QHP Labor Recharge	-	-	-	-	0.0%	-	-	0.0%
Total Personnel Costs	9,323	10,253	10,695	442	4.3%	11,225	529	4.9%
Contractual Services	264	245	333	88	35.9%	333	-	0.0%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	10,132	11,775	12,785	1,010	8.6%	13,246	461	3.6%
Maintenance	12,622	13,855	12,364	(1,491)	-10.8%	13,337	973	7.9%
Operating Equipment & Systems	47	15	40	25	166.7%	40	-	0.0%
Operating Supplies	108	75	96	21	27.8%	96	(0)	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Development	74	91	90	(1)	-0.8%	95	5	5.6%
Business Development	5	7	9	2	21.2%	9	0	0.0%
Equipment Rentals and Repairs	22	27	79	51	188.6%	79	1	0.6%
Tenant Improvements	-	-	-	-	0.0%	-	-	0.0%
Total Non-Personnel Costs	23,274	26,090	25,795	(295)	-1.1%	27,236	1,440	5.6%
Total Operating Expenses	32,598	36,344	36,491	147	0.4%	38,460	1,970	5.4%
Joint Studies / Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlement Expense	-	-	-	-	0.0%	-	-	0.0%
Other Non-Operating Expenses	-	-	-	-	0.0%	-	-	0.0%
Total Expenses	32,598	36,344	36,491	147	0.4%	38,460	1,970	5.4%
Equipment Outlay Expenditures	998	400	300	(100)	-25.0%	500	200	66.7%
Total Authority Expenses Incl Equip Outlay	\$ 33,595	\$ 36,744	\$ 36,791	\$ 47	0.1%	\$ 38,960	\$ 2,170	5.9%

Operations Division – Facilities Management

Major Drivers of FY 2019 Budget & FY 2020 Conceptual Budget

<i>(in thousands)</i>	Inc/(Dec) FY19 vs FY18	Inc/(Dec) FY20 Conceptual vs FY19
FY 2018 Budget / FY 2019 Budget	\$ 36,744	\$ 36,791
Personnel Costs		
Salary adjustments, contracted wage increases and pay-for-performance	285	215
Burden (benefits & employer taxes) for current staff	108	204
Capitalized Labor	49	(2)
1 new limited position of Inspector, Planner & Estimator (salaries & burden)	-	113
Total Increase / (Decrease) in Personnel Costs	442	529
FIS O&M	627	18
Utilities	560	448
Parking Plaza O&M	329	134
Vehicle Replacements	(100)	200
Annual and Major Maintenance	(1,997)	835
Other, net	186	5
Total Increase / (Decrease) in Non-Personnel Costs	(395)	1,640
Total Increase / (Decrease)	47	2,170
FY 2019 Budget / FY 2020 Conceptual Budget	\$ 36,791	\$ 38,960

Operations Division – Facilities Management

FY 2018 Progress Report

1. Continue to promote customer satisfaction and improve operations through improving employee engagement utilizing Talent Culture & Capability to identify opportunities and improve our internal processes utilizing structured workflow and update the Facilities Management Contracts Procedure Manual. Estimated completion is June 2018.

Progress: Internal development of Project Request Form to streamline business processes and communication with internal stakeholders on all new projects. Project Request Form to be incorporated into the “Work Request” field on the Airport Authority’s intranet via IT&S. Currently, tracking “On-Target”.

Strategic Goals:

- Customer, exceed our customers’ expectations by introducing innovative service and facility enhancements.
- Operations, grow and efficiently manage capacity for future demand, both landside and airside, including international facilities.

2. Identify maintenance projects which can be capitalized and incorporated into the Authorities long-term capital program while continuing to support daily operations without interruption. This is an on-going effort through FY 2022.

Progress: Implemented an internal process to review proposed maintenance projects allowing the review of Senior Cost Analyst to ensure allocation of funds against the capital program. Currently, tracking “On-Target”.

Strategic Goals:

- Operations, grow and efficiently manage capacity for future demand, both landside and airside, including international facilities.
- Financial, execute a Plan of Finance that provides the financial resources necessary to achieve the FY 2022 Future State while maintaining the enterprise’s strong financial position.

Operations Division – Facilities Management

FY 2019 – FY 2020 Goals

1. Continue to identify maintenance projects which can be capitalized and incorporated into the Authorities long-term capital program while continuing to support daily operations without interruption. This is an on-going effort through FY 2022.

Strategic Goal:

- Operations, grow and efficiently manage capacity for future demand, both landside and airside, including international facilities.

Strategic Initiative:

- 2C. Manage ongoing business effectively through change

2. Facilitate a cohesive work environment through the transition and relocation of FMD campus without interruption to daily operations.

Strategic Goal:

- Customer, exceed our customers' expectations by introducing innovative service and facility enhancements.

Strategic Initiative:

- 1B. Advance the ADP

3. Provide excellent customer service through managing our facilities by cross training current staff on multiple job functionalities to meet daily requirements of a fluid environment as we advance the ADP.

Strategic Goal:

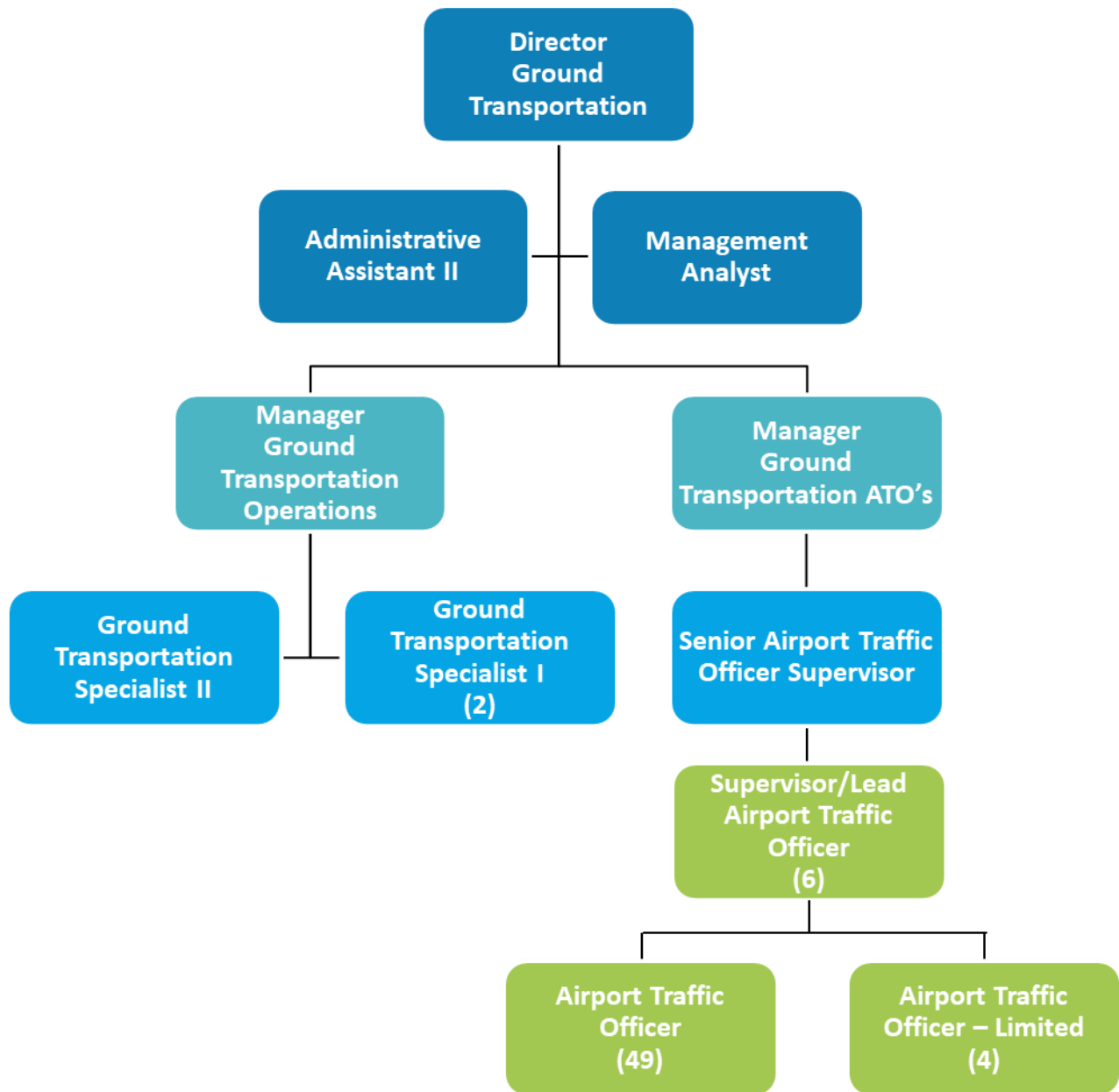
- Employee, develop leaders and a workforce aligned to the needs of our Strategic Plan and an inclusive environment that reflects the diversity of our community.

Strategic Initiative:

- 4F. Train and develop business driven, agile and collaborative capabilities

Operations Division – Ground Transportation

FY 2019 – FY 2020 Organizational Structure



No personnel changes in FY 2020.

Operations Division – Ground Transportation

FY 2019 Budget – FY 2020 Expense Conceptual Budget Summary

<i>(in thousands)</i>	FY2017 Actuals	FY2018 Budget	FY 2019 Budget	Inc / (Dec) FY 19 vs FY18 Budget	% Change	FY 2020 Conceptual Budget	Inc / (Dec) FY 20 Conceptual vs FY 19 Budget	% Change
Operating Expenses								
Salaries & Wages	\$ 3,954	\$ 4,026	\$ 4,291	\$ 265	6.6%	\$ 4,424	\$ 133	3.1%
Overtime	77	50	30	(20)	-40.0%	30	-	0.0%
Benefits	1,968	2,198	2,258	60	2.7%	2,393	134	5.9%
Subtotal	6,000	6,274	6,579	305	4.9%	6,847	268	4.1%
Less: Capitalized Labor Recharge	(2)	-	-	-	0.0%	-	-	0.0%
Less: QHP Labor Recharge	-	-	-	-	0.0%	-	-	0.0%
Total Personnel Costs	5,998	6,274	6,579	305	4.9%	6,847	268	4.1%
Contractual Services	21,496	23,532	25,243	1,711	7.3%	25,615	372	1.5%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	3	3	3	0	10.0%	3	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	30	12	8	(4)	-32.8%	8	-	0.0%
Operating Supplies	78	55	75	20	36.6%	77	2	2.7%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Development	42	51	48	(3)	-5.5%	48	-	0.0%
Business Development	15	16	15	(1)	-7.7%	15	-	0.0%
Equipment Rentals and Repairs	69	17	37	20	118.3%	22	(14)	-39.3%
Tenant Improvements	-	-	-	-	0.0%	-	-	0.0%
Total Non-Personnel Costs	21,734	23,686	25,429	1,743	7.4%	25,788	360	1.4%
Total Operating Expenses	27,732	29,960	32,008	2,048	6.8%	32,635	627	2.0%
Joint Studies / Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlement Expense	-	-	-	-	0.0%	-	-	0.0%
Other Non-Operating Expenses	-	-	-	-	0.0%	-	-	0.0%
Total Expenses	27,732	29,960	32,008	2,048	6.8%	32,635	627	2.0%
Equipment Outlay Expenditures	54	22	82	60	270.8%	4	(78)	-95.1%
Total Authority Expenses Incl Equip Outlay	\$ 27,786	\$ 29,982	\$ 32,090	\$ 2,108	7.0%	\$ 32,639	\$ 550	1.7%

Operations Division – Ground Transportation

Major Drivers of FY 2019 Budget & FY 2020 Conceptual Budget

<i>(in thousands)</i>	Inc/(Dec) FY19 vs FY18	Inc/(Dec) FY20 Conceptual vs FY19
FY 2018 Budget / FY 2019 Budget	\$ 29,982	\$ 32,090
Personnel Costs		
4 new limited positions of Air Traffic Officers (salaries & burden)	257	-
Salary adjustments, contracted wage increases and pay-for-performance	74	133
Burden (benefits & employer taxes) for current staff	(26)	134
Total Increase / (Decrease) in Personnel Costs	305	268
Inter-Terminal Shuttle	914	109
Parking Plaza O&M	502	108
Rental Car Center (RCC) Busing	173	105
Parking and Shuttle Operations	108	110
Other, net	106	(150)
Total Increase / (Decrease) in Non-Personnel Costs	1,803	282
Total Increase / (Decrease)	2,108	550
FY 2019 Budget / FY 2020 Conceptual Budget	\$ 32,090	\$ 32,639

Operations Division – Ground Transportation

FY 2018 Progress Report

1. Ensure the opening and efficient operation of Terminal 2 Parking Plaza. Maintain efficiency and safety of ground transportation operations through construction, qualification, and grand opening by June 2018.

Progress: The Terminal 2 Parking Plaza is on track to open in May 2018, ahead of schedule, and well before fiscal year end. Parking operations will begin with parking guidance, automated license plate recognition, reservation capability, and “cashless” operations. The parking operator and Airport Authority staff are trained on operations, maintenance, and technological capabilities. Other ground transportation operations have been maintained in a safe and efficient manner throughout the Parking Plaza construction period.

Strategic Goal:

- Operations, grow and efficiently manage capacity for future demand, both landside and airside, including international facilities.

2. Competitively bid and execute contracts for parking operations management and parking and employee shuttle operations. Identify operators, obtain approval, and execute agreements before expiration of current contracts in August 2018.

Progress: The Request for Proposal process for both the Parking operations and Shuttle operations contracts has been initiated with procurement. A schedule for proposal, interview, selection, and approval by the Airport Authority Board has been determined. The new contracts will go before the Board in July 2018. It is expected that the next parking and shuttle operations providers will be in place by Sep 2018, on schedule.

Strategic Goal:

- Operations, grow and efficiently manage capacity for future demand, both landside and airside, including international facilities.

3. Negotiate the renewal of Taxicab and VFH Memorandums of Agreement through December 31, 2020. Engage Taxi and VFH modes and ATO staff to identify areas of operational efficiency and customer service improvements.

Progress: The negotiation process for the renewal of the Taxi and Vehicle-for-Hire mode Memorandums of Agreement are underway and completion is expected in April. ATO staff and stakeholders are providing input on safety, operations, and customer service improvements. The new agreements will be effective from July 2018 through December 2020. Both agreements will go before the Airport Authority Board for comment and approval in May 2018.

Strategic Goal:

- Customer, exceed our customers’ expectations by introducing innovative service and facility enhancements.

Operations Division – Ground Transportation

4. Negotiate and implement the Transportation Network Company (TNC) Greenhouse Gas (GHG) Reduction Strategy. Negotiate and execute the new TNC permit effective January 1, 2018, incorporating the GHG strategy and incentives for GHG reductions. Engage TNC companies and ATO staff to identify areas for operational efficiency and customer service improvements.

Progress: The Transportation Network Company (TNC) Greenhouse Gas (GHG) Reduction Strategy was approved and incorporated as part of a six-month contract with all TNC companies effective from January through June 2018. Negotiations for the next TNC permit are ongoing, and expected to be completed by May 2018. The next TNC permit will be executed and effective from July 2018 through June 2019, on the same schedule as most other Ground Transportation modes. ATO and TNC staff have worked to institute safety, operational, efficiency, and customer service improvements. Re-match, pre-match, and pooling capabilities have been implemented; and driver and customer education and communication has improved.

Strategic Goal:

- Customer, exceed our customers' expectations by introducing innovative service and facility enhancements.

5. Engage ATO staff in planning and operations of ground transportation systems and initiatives. Leverage ATO operational expertise to improve the efficiency and safety of ground transportation operations, implement process improvements, and enhance the employee and customer experience through the end of FY 2018.

Progress: ATO staff has been engaged on an ongoing basis in all areas of Ground Transportation operations. The ATO staff enabled the successful move of the TNC mode to the transportation islands at both terminals. ATO staff also ensured a successful relocation of the Rental Car Center buses. ATO Staff continues to train, represent ground transportation at operational meetings, develop roadway and transportation island safety and efficiency improvements, receive recognition, and deliver world-class customer service to airport customers and stakeholders.

Strategic Goal:

- Employee, develop leaders and a workforce aligned to the needs of our Strategic Plan and an inclusive environment that reflects the diversity of our community.

Operations Division – Ground Transportation

FY 2019 – FY 2020 Goals

1. Maintain and improve Ground Transportation infrastructure, systems, and operations to ensure safe, efficient, and world-class service through Terminal 2 Parking Plaza and Federal Inspection Service opening, ongoing construction for Airport Support Facilities, Terminal 1 expansion, and technological changes.

Strategic Goal:

- Operations, grow and efficiently manage capacity for future demand, both landside and airside, including international facilities.

Strategic Initiative:

- 1D. Develop a plan for transportation to and at the airport that anticipates and responds to technological changes

2. Adapt ongoing Ground Transportation operations as needed to accommodate construction and integrate new technology, products, services, and business methods. Maintain engagement with all stakeholders and especially the community as the Ground Transportation environment at the airport evolves.

Strategic Goal:

- Customer, exceed our customers' expectations by introducing innovative service and facility enhancements.

Strategic Initiative:

- 2C. Manage ongoing business effectively through change

3. Engage Airport Traffic Officer (ATO) staff in planning and operations of ground transportation systems and initiatives. Leverage ATO operational expertise to improve the safety and efficiency of ground transportation operations, implement process improvements, and enhance the employee and customer experience.

Strategic Goal:

- Customer, exceed our customers' expectations by introducing innovative service and facility enhancements.

Strategic Initiative:

- 1C. Define and deliver a seamless, unique, consistent airport and product experience

Operations Division – Inter-Governmental Relations

FY 2019 – FY 2020 Organizational Structure



No personnel changes in FY 2020.

Operations Division – Inter-Governmental Relations

FY 2019 Budget – FY 2020 Expense Conceptual Budget Summary

<i>(in thousands)</i>	FY2017 Actuals	FY2018 Budget	FY 2019 Budget	Inc / (Dec) FY 19 vs FY18 Budget	% Change	FY 2020 Conceptual Budget	Inc / (Dec) FY 20 Conceptual vs FY 19 Budget	% Change
Operating Expenses								
Salaries & Wages	\$ 220	\$ 214	\$ 222	\$ 8	3.8%	\$ 231	\$ 9	4.0%
Overtime	-	-	-	-	0.0%	-	-	0.0%
Benefits	98	122	112	(9)	-7.4%	119	7	5.9%
Subtotal	319	336	335	(1)	-0.2%	350	15	4.6%
Less: Capitalized Labor Recharge	-	-	-	-	0.0%	-	-	0.0%
Less: QHP Labor Recharge	-	-	-	-	0.0%	-	-	0.0%
Total Personnel Costs	319	336	335	(1)	-0.2%	350	15	4.6%
Contractual Services	321	300	273	(27)	-9.0%	269	(4)	-1.5%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	0	0	0	-	0.0%	0	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	0	1	-	(1)	-100.0%	-	-	0.0%
Operating Supplies	3	3	3	-	0.0%	3	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Development	24	27	15	(12)	-44.9%	15	-	0.0%
Business Development	110	118	187	69	58.2%	189	2	1.2%
Equipment Rentals and Repairs	-	0	-	(0)	-100.0%	0	0	0.0%
Tenant Improvements	-	-	-	-	0.0%	-	-	0.0%
Total Non-Personnel Costs	459	449	478	29	6.5%	476	(2)	-0.3%
Total Operating Expenses	777	784	813	28	3.6%	826	14	1.7%
Joint Studies / Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlement Expense	-	-	-	-	0.0%	-	-	0.0%
Other Non-Operating Expenses	-	-	-	-	0.0%	-	-	0.0%
Total Expenses	777	784	813	28	3.6%	826	14	1.7%
Equipment Outlay Expenditures	-	-	-	-	0.0%	-	-	0.0%
Total Authority Expenses Incl Equip Outlay	\$ 777	\$ 784	\$ 813	\$ 28	3.6%	\$ 826	\$ 14	1.7%

Operations Division – Inter-Governmental Relations

Major Drivers of FY 2019 Budget & FY 2020 Conceptual Budget

<i>(in thousands)</i>	Inc/(Dec) FY19 vs FY18	Inc/(Dec) FY20 Conceptual vs FY19
FY 2018 Budget / FY 2019 Budget	\$ 784	\$ 813
Personnel costs		
Salary adjustments and pay-for-performance	8	9
Burden (benefits & employer taxes) for current staff	(9)	7
Total Increase / (Decrease) in personnel costs	(1)	15
Memberships & Dues	64	2
Legislation Professional Advisors	(27)	(4)
Other, net	(8)	0
Total Increase / (Decrease) in non-personnel costs	29	(2)
Total Increase / (Decrease)	28	14
FY 2019 Budget / FY 2020 Conceptual Budget	\$ 813	\$ 826

Operations Division – Inter-Governmental Relations

FY 2018 Progress Report

1. Anticipating the introduction of new multi-year FAA Reauthorization bill, IGR staff will coordinate with Airports Council International–North America (ACI-NA), the American Association of Airport Executives, the California Airports Council and others to include language in a bill supporting Airport Authority legislative priorities: Passenger Facility Charge modernization, balanced airport industry representation on a proposed Air Traffic Organization governing board, and restoring nonstop service to Reagan National Airport

Progress: Inter-Governmental Relations staff has been significantly engaged in industry efforts this year to include the Airport Authority’s legislative priorities in relevant federal bills. Staff has coordinated efforts with ACI-NA, AAAE, the CAC, San Diego’s Congressional delegation members and other partners to advocate on behalf of the Airport Authority. As a result of these efforts, a provision to raise the Passenger Facility Charge to a new level of \$8.50 was included in the Senate FY 2018 Transportation Appropriations Bill, unanimously approved by the Senate Appropriations Committee. Pursuant to Board direction, staff continues to advocate against FAA Reauthorization measures that do not include Airport Authority legislative priorities and remain stalled in Congress.

Strategic Goals:

- Financial, execute a Plan of Finance that provides the financial resources necessary to achieve the FY 2022 Future State while maintaining the enterprise’s strong financial position.
 - Operations, grow and efficiently manage capacity for future demand, both landside and airside, including international facilities.
 - Community, enhance community understanding of SAN as an economic engine and portal for prosperity.
2. IGR staff will continue to lead the coordination of Airport Authority grant applications by conducting quarterly External Funding and Grants Committee meetings and work closely with other Airport Authority departments and our legislative consultants to prepare and submit at least three major grant/funding requests in FY 2018 along with letters of support from elected officials.

Progress: IGR staff continues to coordinate with other Airport Authority departments and our legislative consultants to identify potential grant and other revenue opportunities and continues to support the efforts of Airport Authority departments submitting grant requests as necessary. With the recent addition of a new IGR Government Relations Specialist, IGR staff anticipates an enhanced department role in these efforts for the remainder of FY 2018 and beyond.

Strategic Goals:

- Financial, execute a Plan of Finance that provides the financial resources necessary to achieve the FY 2022 Future State while maintaining the enterprise’s strong financial position.
- Community, enhance community understanding of SAN as an economic engine and portal for prosperity.

Operations Division – Inter-Governmental Relations

FY 2019 – FY 2020 Goals

1. Continue to proactively advocate for an increase in the Passenger Facility Charge limit, position the Airport Authority to compete for funding in any federal infrastructure initiative that is implemented by Congress and the Administration, and identify and submit applications for state and federal grant opportunities for SDIA projects.

Strategic Goal:

- Financial, execute a Plan of Finance that provides the financial resources necessary to achieve the FY 2022 Future State while maintaining the enterprise’s strong financial position.

Strategic Initiative:

- 1B. Advance the ADP
- 2D. Implement a sustainable 20 year capital plan.
- 5A. Ensure Plan of Finance is flexible, nimble and able to proactively address future changes.
- 5C. Evaluate multiple funding methods for the Capital Program (ADP and CIP)

2. Obtain support from the regions elected officials and community leaders for the Airport Development Plan, related environmental documents, and other airport improvement projects. These efforts will include ensuring that leaders are well informed of the importance and specific economic impact of SDIA to the San Diego region.

Strategic Goal:

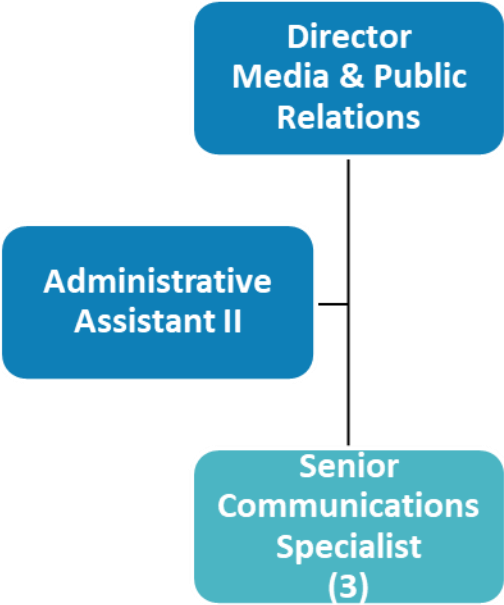
- Community, enhance community understanding of SAN as an economic engine and portal for prosperity.

Strategic Initiative:

- 1B. Advance the ADP
- 3A. Executive regional engagement and education plan to clearly communicate SAN’s role in economic growth.
- 3B. Solicit champions to tell our story.

Operations Division – Media & Public Relations

FY 2019 – FY 2020 Organizational Structure



No personnel changes in FY 2020.

Operations Division – Media & Public Relations

FY 2019 Budget – FY 2020 Expense Conceptual Budget Summary

<i>(in thousands)</i>	FY2017 Actuals	FY2018 Budget	FY 2019 Budget	Inc / (Dec) FY 19 vs FY18 Budget	% Change	FY 2020 Conceptual Budget	Inc / (Dec) FY 20 Conceptual vs FY 19 Budget	% Change
Operating Expenses								
Salaries & Wages	\$ 1,374	\$ 1,352	\$ 554	\$ (798)	-59.0%	\$ 575	\$ 21	3.8%
Overtime	-	-	-	-	0.0%	-	-	0.0%
Benefits	580	647	246	(401)	-62.0%	260	14	5.8%
Subtotal	1,954	1,998	800	(1,198)	-60.0%	835	35	4.4%
Less: Capitalized Labor Recharge	-	-	-	-	0.0%	-	-	0.0%
Less: QHP Labor Recharge	-	-	-	-	0.0%	-	-	0.0%
Total Personnel Costs	1,954	1,998	800	(1,198)	-60.0%	835	35	4.4%
Contractual Services	1,073	1,284	579	(705)	-54.9%	579	(0)	0.0%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	0	-	-	-	0.0%	-	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	16	5	2	(3)	-55.6%	2	(1)	-25.0%
Operating Supplies	14	4	3	(1)	-32.1%	3	(0)	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Development	71	56	17	(39)	-69.9%	17	(0)	-1.5%
Business Development	1,315	2,185	200	(1,985)	-90.8%	162	(38)	-19.0%
Equipment Rentals and Repairs	6	-	-	-	0.0%	-	-	0.0%
Tenant Improvements	-	-	-	-	0.0%	-	-	0.0%
Total Non-Personnel Costs	2,495	3,534	801	(2,733)	-77.3%	762	(39)	-4.8%
Total Operating Expenses	4,450	5,532	1,601	(3,931)	-71.1%	1,597	(4)	-0.2%
Joint Studies / Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlement Expense	-	-	-	-	0.0%	-	-	0.0%
Other Non-Operating Expenses	-	-	-	-	0.0%	-	-	0.0%
Total Expenses	4,450	5,532	1,601	(3,931)	-71.1%	1,597	(4)	-0.2%
Equipment Outlay Expenditures	205	-	-	-	0.0%	-	-	0.0%
Total Authority Expenses Incl Equip Outlay	\$ 4,655	\$ 5,532	\$ 1,601	\$ (3,931)	-71.1%	\$ 1,597	\$ (4)	-0.2%

Operations Division – Media & Public Relations

Major Drivers of FY 2019 Budget & FY 2020 Conceptual Budget

<i>(in thousands)</i>	Inc/(Dec) FY19 vs FY18	Inc/(Dec) FY20 Conceptual vs FY19
FY 2018 Budget / FY 2019 Budget	\$ 5,532	\$ 1,601
Personnel costs		
Salary adjustments and pay-for-performance *	(798)	21
Burden (benefits & employer taxes) for current staff *	(401)	14
Total Increase / (Decrease) in personnel costs	(1,198)	35
Membership & Dues transferred to Marketing, Arts & Air Service Development	(43)	-
Marketing Consultants transferred to Marketing, Arts & Air Service Development	(685)	(0)
Sponsorship and marketing activities transferred to Marketing, Arts & Air Service	(1,941)	(40)
Other, net	(63)	1
Total Increase / (Decrease) in non-personnel costs	(2,733)	(39)
Total Increase / (Decrease)	(3,931)	1,597
FY 2019 Budget / FY 2020 Conceptual Budget	\$ 1,601	\$ 1,597

* 10 positions transferred to Marketing, Arts & Air Service Development.

Operations Division – Media & Public Relations

FY 2018 Progress Report

1. Innovative Marketing Programs: Continue cross-departmental engagement to lead, develop and implement parking and concessions marketing programs that contribute to increased sales and revenue.

Progress: VVE has maintained its regional promotion of SAN’s valet product, which has seen YOY growth of more than 30%. Radio and digital advertising has been the driver of awareness. As the grand opening of the new Parking Plaza approaches, staff has worked with leaders in several departments to develop strategies and initiatives to increase terminal parking revenues and new customer acquisition. Specifically, staff worked with its consultant (MJE), Finance, Business Development and Ground Transportation to analyze and value a number of promotional opportunities and presented those findings to the CEO in February and March. Additionally, staff worked alongside the ADP team and its consultants, Ground Transportation, I&TS, and Business Development to design and develop a new parking reservation system and SAN’s first Loyalty Program, which will go live May 1, 2018.

Concessions revenues have continued to increase with enplanements. VVE staff has worked with T&T and the individual concessionaires to develop programs that maintain/increase high levels of customer service and satisfaction during record traffic at SAN. The *SAN High Five* Mystery Shop and Rewards program was introduced over the holidays, and is designed to recognize and reward excellent customer service in shops and restaurants throughout the airport. Rewards have been given to top performers in customer service monthly since January. VVE also sponsored the interactive directories project, working with I&TS, Terminal & Tenants and Customer Service to define the RFP for a new concessions-based wayfinding system at SAN. The successful firm was awarded a contract and began discovery in January/February. The new directories are expected to go live July 2018. And VVE has worked consistently with BFM, Business Development, T&T and At Your Gate team to prepare for and launch the first airport delivery service on the West Coast.

Strategic Goals:

- Financial, execute a Plan of Finance that provides the financial resources necessary to achieve the FY 2022 Future State while maintaining the enterprise’s strong financial position.
- Customer, exceed our customers’ expectations by introducing innovative service and facility enhancements.
- Operations, grow and efficiently manage capacity for future demand, both landside and airside, including international facilities.

2. Parking Plaza and ADP Public Outreach: Keep the public informed on Parking Plaza progress and developments regarding the ADP.

Progress: ADP public outreach activities were suspended for the most part to allow time for comprehensive airport stakeholder input into the plan. Information about the Parking Plaza is available on san.org. A ribbon-cutting ceremony is being planned for May 2018 as the project comes to completion and opens to the public.

Strategic Goals:

- Community, enhance community understanding of SAN as an economic engine and portal for prosperity.

Operations Division – Media & Public Relations

- Customer, exceed our customers' expectations by introducing innovative service and facility enhancements.

3. Airport Art Master Plan: Research and develop an Airport Arts Master Plan related to the ADP that involves the participation of internal and external stakeholder groups and the assistance of an airport art master plan consultant.

Progress: Though work on the Arts Master Plan was suspended in part due to the ADP Programmatic Design Document (PDD) being put on hold, Arts Program staff and the consultant team have completed Phases 1 (Orientation) and 2A & 2B (Review and Analysis) of the project. Over 50 internal stakeholders and 60 external stakeholders were engaged for their input, while over 500 intercept surveys and over 160 online surveys were administered for customer and community feedback respectively. Arts Program staff and the consultant team presented to the Art Advisory Committee at two meetings, outlining their Work Plan and facilitating discussion around the project approach.

Deliverables for Phases 1 and 2A/2B include a Findings & Analysis Report (Review of Arts Program and Policy), Benchmarking Report of other National and International airport and transit organization Arts Programs, Customer Intercept and Online Community Survey Reports, Draft Economic Impact Report, and Draft Site & Opportunities Outline. With the recent resumption of the PDD, Arts Program staff and the consultant team will continue to collaborate closely with the ADP stakeholder teams to align the Arts Master Plan effort with the overall ADP schedule. The next phases of the project include a Draft Master Plan Recommendations Report and a Draft Site & Opportunities Plan.

Strategic Goals:

- Community, enhance community understanding of SAN as an economic engine and portal for prosperity.
- Customer, exceed our customers' expectations by introducing innovative service and facility enhancements.

Operations Division – Media & Public Relations

FY 2019 – FY 2020 Goals

1. Execute the Airport Development Plan Public Outreach Plan to inform the public on the progress and developments of the ADP.

Strategic Goal:

- Community, enhance community understanding of SAN as an economic engine and portal for prosperity.

Strategic Initiative:

- 3A. Execute regional engagement and education plan to clearly communicate SAN’s role in economic growth

2. Raise awareness of significant projects and their related economic impact to the region through earned media

Strategic Goal:

- Operations, grow and efficiently manage capacity for future demand, both landside and airside, including international facilities.

Strategic Initiative:

- 3E. Raise awareness of significant projects through unpaid media opportunities

Operations Division – Terminals & Tenants

FY 2019 Budget – FY 2020 Expense Conceptual Budget Summary

<i>(in thousands)</i>	FY2017 Actuals	FY2018 Budget	FY 2019 Budget	Inc / (Dec) FY19 Proposed vs FY18 Budget	% Change	FY 2020 Conceptual Budget	Inc / (Dec) FY20 Conceptual vs FY19 Budget	% Change
Operating Expenses ⁽¹⁾								
Salaries & Wages	1,381	1,481	-	(1,481)	-100.0%	-	-	0.0%
Overtime	0	-	-	-	0.0%	-	-	0.0%
Benefits	643	706	-	(706)	-100.0%	-	-	0.0%
Subtotal	2,024	2,187	-	(2,187)	-100.0%	-	-	0.0%
Less: Capitalized Labor Recharge	-	(219)	-	219	-100.0%	-	-	0.0%
Less: QHP Labor Recharge	-	-	-	-	0.0%	-	-	0.0%
Total Personnel Costs	2,024	1,968	-	(1,968)	-100.0%	-	-	0.0%
Contractual Services	9,033	9,687	-	(9,687)	-100.0%	-	-	0.0%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	0	0	-	(0)	-100.0%	-	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	26	27	-	(27)	-100.0%	-	-	0.0%
Operating Supplies	11	14	-	(14)	-100.0%	-	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Development	98	35	-	(35)	-100.0%	-	-	0.0%
Business Development	55	61	-	(61)	-100.0%	-	-	0.0%
Equipment Rentals and Repairs	1	60	-	(60)	-100.0%	-	-	0.0%
Tenant Improvements	-	-	-	-	0.0%	-	-	0.0%
Total Non-Personnel Costs	9,225	9,884	-	(9,884)	-100.0%	-	-	0.0%
Total Operating Expenses	11,249	11,852	-	(11,852)	-100.0%	-	-	0.0%
Joint Studies / Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlement Expense	-	-	-	-	0.0%	-	-	0.0%
Other Non-Operating Expenses	-	-	-	-	0.0%	-	-	0.0%
Total Expenses	11,249	11,852	-	(11,852)	-100.0%	-	-	0.0%
Equipment Outlay Expenditures	78	-	-	-	0.0%	-	-	0.0%
Total Authority Expenses Incl Equip Outlay	11,327	11,852	-	(11,852)	-100.0%	-	-	0.0%

⁽¹⁾ Terminal & Tenants department was dissolved. The personnel and non-personnel expenses transferred to Airside & Terminal Operations and Revenue Management departments.

Operations Division – Terminals & Tenants

FY 2018 Progress Report

1. Implement the campus-wide space and door numbering system for use by all SDCRAA departments and external stakeholders as needed (e.g. FMD, HPD and SDFD) by June 30, 2019 (complete Terminal 2 by June 30, 2018). This single system will improve efficiency and life safety operations by providing consistent, readily available information to all stakeholders. Implementation includes numbering of all spaces in AutoCAD and GIS systems, physical numbering of all doors, and process & procedure updates in FDD and FMD.

Progress: The T&T GIS Module has been demonstrated and approved for full development. The Module provides access to the main GIS database, allowing T&T to add or update information in the field, share space and door information with all departments and stakeholders, and connect to other GIS Modules such as the B&FM Space Manager. Space numbers will be assigned to all currently-loaded buildings by June 2018, full Module development is expected in October 2018.

Strategic Goal:

- Customer, exceed our customers' expectations by introducing innovative service and facility enhancements.

2. Ensure bi-annual property inspections of all terminal common areas at the airport by June 30, 2018. By completing thorough inspections and implementing corrective action on all findings the SAN terminal assets will serve our stakeholders and customers through a full life cycle.

Progress: Software for the Terminal Common Area Inspections is in development, based on the Part 139 Inspection system for Airside Operations. Moving this item to an in-house system allows for future connection to other airport functions such as the FMD Work Order system. The Bi-Annual Property Inspections program is being built from the Concessions Operational Inspection system by the same provider. Parameters, standards and methodology for both systems are in the final phase of development by T&T.

All Retail and F&B concessions were inspected in the fall of 2017 and the next round of inspections are currently being conducted in January and February 2018.

Strategic Goals:

- Customer, exceed our customers' expectations by introducing innovative service and facility enhancements.
- Operations, grow and efficiently manage capacity for future demand, both landside and airside, including international facilities.

3. Develop and implement a concession mystery shopper program to monitor the concessions, develop benchmarks and ensure the concessions offer first class service, products and facilities as required in their lease agreements.

Progress: The concession mystery shopper program, "SAN High 5 Award" program began in January 2018 with the first shops and awards started in February 2018.

Strategic Goal:

- Customer, exceed our customers' expectations by introducing innovative service and facility enhancements.

Operations Division – Terminals & Tenants

4. Create and initiate an onboarding/introduction and training program for Airport Ambassadors that ensures consistent, accurate information and promotes a high level of customer service by June 3, 2018. Pilot program for additional groups and/or terminal staff.

Progress: The Ambassador on-boarding and introduction program is currently underway with its first test group. Initial onboarding with applicants has been held and the training portion will begin in March. Throughout this first pilot launch it is anticipated to adjust and perfect the program in order to have a finalized program by June.

Strategic Goal:

- Customer, exceed our customers' expectations by introducing innovative service and facility enhancements.

REVENUE MANAGEMENT & INNOVATION DIVISION



20
12

WIDE RECEIVER

THE RECEIVING AND DISTRIBUTION CENTER BEGINS OPERATION ON THE NORTH SIDE, CENTRALIZING DELIVERIES AND REDUCING TRUCK TRIPS ON HARBOR DRIVE.

Revenue Management & Innovation Division

Overview

The **Revenue Management & Innovation Division** defines and delivers a seamless customer experience for the traveling public and implements revenue management strategies and processes, in order to optimize and maximize resulting airport revenues. The division integrates air service development, business development, marketing, public art, innovation, business intelligence and concession management services to identify, evaluate, develop, negotiate, and implement new revenue opportunities and initiatives. In addition, the department engages in a proactive and productive manner with relevant business interests and stakeholders, both on-and off-airport, to spur innovation and new product and service development.

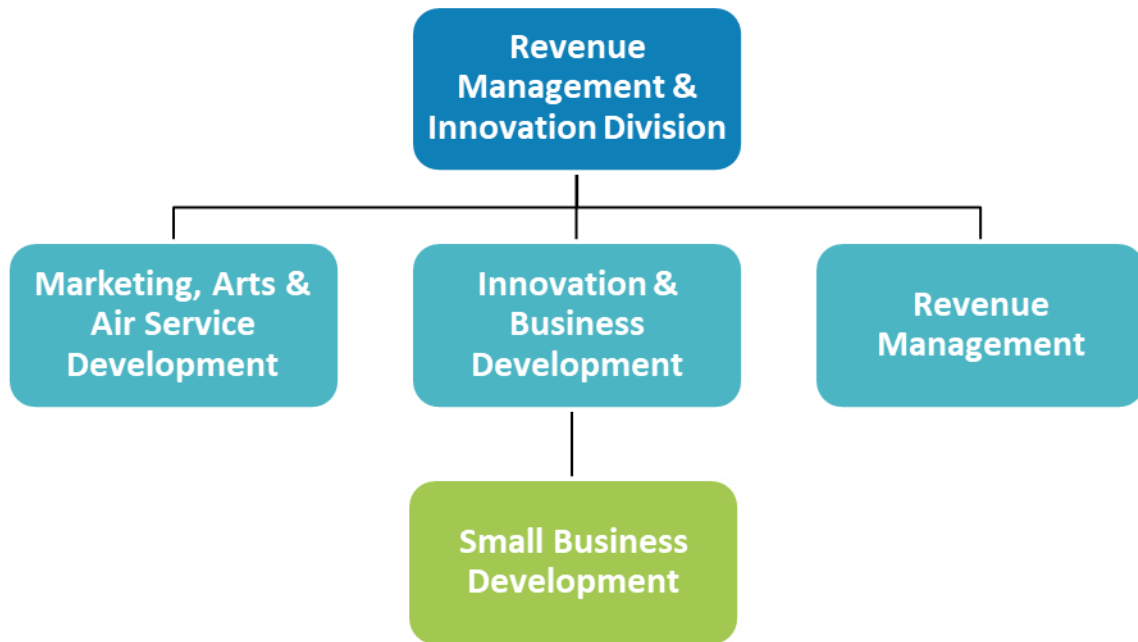
The **Innovation & Business Development** department identifies, reviews and prioritizes new and small business opportunities for the Airport Authority. The focus is twofold. The first is on new and often unique opportunities that will drive incremental revenue and/or reduce costs and those that enhance the overall passenger experience. The Innovation Lab, a ground-breaking collaborative lab environment where companies, innovators and airport executives work together to create and test (in a real-life airport environment) new ideas to drive airport innovation and improve the passenger experience, is central to this effort. The second focus, **Small Business Development (SBD)**, encourages the use of local, small, historically underutilized, disabled veteran, emerging disadvantaged business enterprises and airport concession disadvantaged business enterprises. Both efforts ensure that all businesses have every opportunity to do business with and at the airport. Finally, the department provides business intelligence and data analytics to support continuous improvement and innovation.

The **Marketing, Arts & Air Service Development** department manages a wide range of activities and initiatives that enhance the customer experience, expand air service, engage the public, develop revenue and increase awareness of the Airport Authority and airport. The department has responsibility for executing annual air service strategy to target air service growth opportunities for SAN; developing marketing plans; delivering social media strategy and services; and offering a robust Airport Arts Program that engages travelers in innovative, memorable and considerate experiences. The unit also compiles and maintains the official airport passenger, operations and cargo statistics; manages the airport's air service incentive policies and consults with regional and international stakeholders on air service opportunities.

Revenue Management department oversees the acquisition, management and disposal of Airport Authority properties and identifies, analyzes and implements related revenue enhancement strategies. The department develops and implements real estate-related agreements and manages the business relationships of tenant and public activities including those of car rental companies, concessionaires, parking, ground servicing companies and other lessees. The department is also tasked with ensuring operational lease compliance, oversight of tenant development/improvement projects, and ensures management oversight of tenant activities.

Revenue Management & Innovation Division

FY 2019 – FY 2020 Organizational Structure



Division Personnel Summary

	FY 2017 Budget	FY 2018 Budget	FY 2019 Budget Transfers	FY 2019 Budget New/ (Eliminated)	FY 2019 Budget	FY 2020 Budget New/ (Eliminated)	FY 2020 Conceptual Budget
Revenue Management & Innovation Division							
Innovation & Business Development ⁽¹⁾	1	2	5	-	7	-	7
Marketing, Arts & Air Service Development ⁽²⁾	3	3	13	-	16	-	16
Revenue Management ⁽³⁾	12	12	1	-	13	-	13
Small Business Development	4	4	-	-	4	-	4
Total Authorized Funded Positions	20	21	19	-	40	-	40

⁽¹⁾ 5 positions transferred from Information & Technology Services (3), Risk Management (1) and Terminal & Tenants (1).

⁽²⁾ 13 positions transferred from Media & Public Relations (10) and Talent, Culture & Capability (3).

⁽³⁾ 5 positions transferred to Airline Relations and 6 positions transferred from Terminal & Tenants (5) and Airside & Terminal Operations (1).

Revenue Management & Innovation Division

FY 2019 Budget – FY 2020 Expense Conceptual Budget Summary

<i>(in thousands)</i>	FY2017 Actuals	FY2018 Budget	FY 2019 Budget	Inc / (Dec) FY 19 vs FY18 Budget	% Change	FY 2020 Conceptual Budget	Inc / (Dec) FY 20 Conceptual vs FY 19 Budget	% Change
Operating Expenses								
Salaries & Wages	\$ 1,707	\$ 2,129	\$ 3,901	\$ 1,772	83.2%	\$ 4,057	\$ 156	4.0%
Overtime	-	-	-	-	0.0%	-	-	0.0%
Benefits	743	932	1,699	768	82.4%	1,804	104	6.1%
Subtotal	2,450	3,060	5,600	2,540	83.0%	5,861	260	4.6%
Less: Capitalized Labor Recharge	-	-	-	-	0.0%	-	-	0.0%
Less: QHP Labor Recharge	-	-	-	-	0.0%	-	-	0.0%
Total Personnel Costs	2,450	3,060	5,600	2,540	83.0%	5,861	260	4.6%
Contractual Services	699	525	3,372	2,847	542.2%	3,189	(183)	-5.4%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	10,190	10,191	10,191	-	0.0%	10,191	-	0.0%
Utilities	1	1	1	(0)	-1.9%	1	-	0.0%
Maintenance	23	20	22	2	10.0%	22	-	0.0%
Operating Equipment & Systems	1	2	2	-	0.0%	2	(1)	-25.0%
Operating Supplies	16	9	15	6	68.7%	15	0	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Development	75	98	135	38	38.7%	135	(0)	-0.2%
Business Development	169	671	1,948	1,277	190.5%	1,957	10	0.5%
Equipment Rentals and Repairs	44	45	21	(24)	-52.9%	21	-	0.0%
Tenant Improvements	42	10	-	(10)	-100.0%	-	-	0.0%
Total Non-Personnel Costs	11,261	11,571	15,707	4,136	35.7%	15,533	(174)	-1.1%
Total Operating Expenses	13,710	14,631	21,307	6,676	45.6%	21,393	86	0.4%
Joint Studies / Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlement Expense	-	-	-	-	0.0%	-	-	0.0%
Other Non-Operating Expenses	-	-	-	-	0.0%	-	-	0.0%
Total Expenses	13,710	14,631	21,307	6,676	45.6%	21,393	86	0.4%
Equipment Outlay Expenditures	-	-	5	5	0.0%	5	-	0.0%
Total Authority Expenses Incl Equip Outlay	\$ 13,710	\$ 14,631	\$ 21,312	\$ 6,681	45.7%	\$ 21,398	\$ 86	0.4%

Revenue Management & Innovation Division

Major Drivers of FY 2019 Budget & FY 2020 Conceptual Budget

<i>(in thousands)</i>	Inc/(Dec) FY19 vs FY18	Inc/(Dec) FY20 Conceptual vs FY19
FY 2018 Budget / FY 2019 Budget	\$ 14,631	\$ 21,312
Personnel Costs		
Salary adjustments and pay-for-performance *	1,772	156
Burden (benefits & employer taxes) for current staff *	768	104
Total Increase / (Decrease) in Personnel Costs*	2,540	260
Receiving & Distributing Center Services transferred from Terminal & Tenants	1,685	7
Marketing Activities transferred from Media & Public Relations	846	-
Transferred Contractual Services	733	(195)
Parking and Concessions Advertising transferred from Media & Public relations	425	-
Concessions Development Program hood/vent cleaning transferred from	-	0
Other, net	452	14
Total Increase / (Decrease) in Non-Personnel Costs	4,141	(174)
Total Increase / (Decrease)	6,681	86
FY 2019 Budget / FY 2020 Conceptual Budget	\$ 21,312	\$ 21,398

* 2 positions transferred to Finance division and 21 positions transferred from Executive (14) and Operations (7) divisions.

Revenue Management & Innovation Division

FY 2019 Expense Budget by Department

(in thousands)

Departments	FY 2019 Budget
Revenue Management	\$ 14,365
Marketing, Arts & Air Service Development	5,012
Innovation & Business Development	1,293
Small Business Development	642
Total ⁽¹⁾	\$ 21,312

⁽¹⁾ Total may differ due to rounding

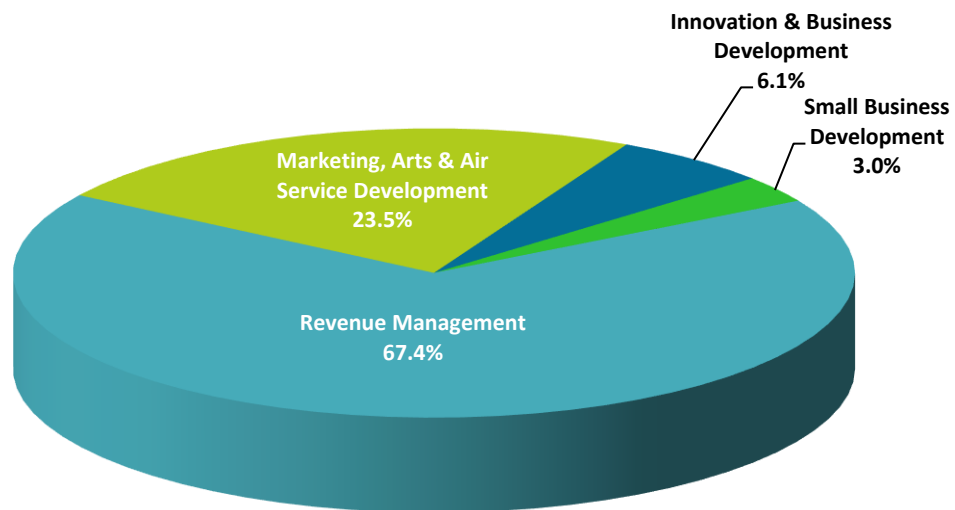


Figure 38 – FY 2019 Expense Budget by Department

Revenue Management & Innovation Division

FY 2020 Expense Conceptual Budget by Department

(in thousands)

Departments	FY 2020 Conceptual Budget
Revenue Management	\$ 14,461
Marketing, Arts & Air Service Development	4,935
Innovation & Business Development	1,337
Small Business Development	665
Total ⁽¹⁾	\$ 21,398

⁽¹⁾ Total may differ due to rounding

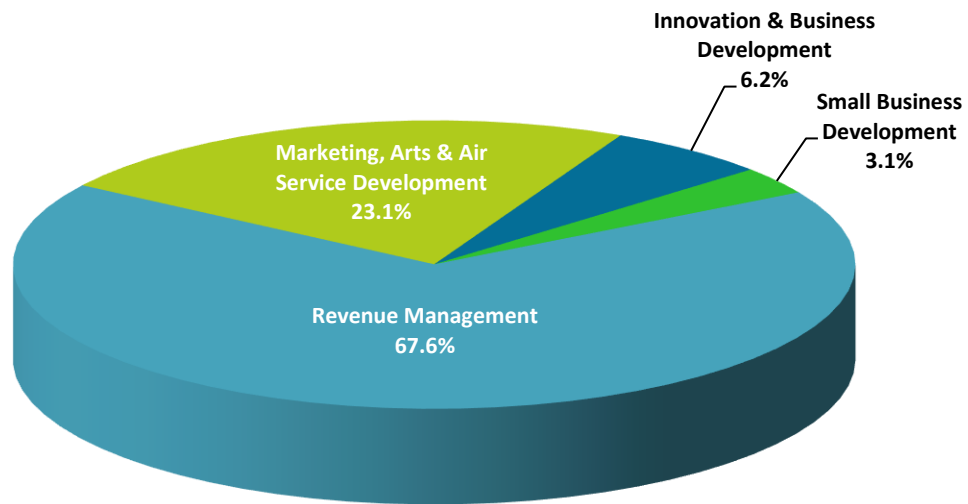


Figure 39 – FY 2020 Expense Conceptual Budget by Department

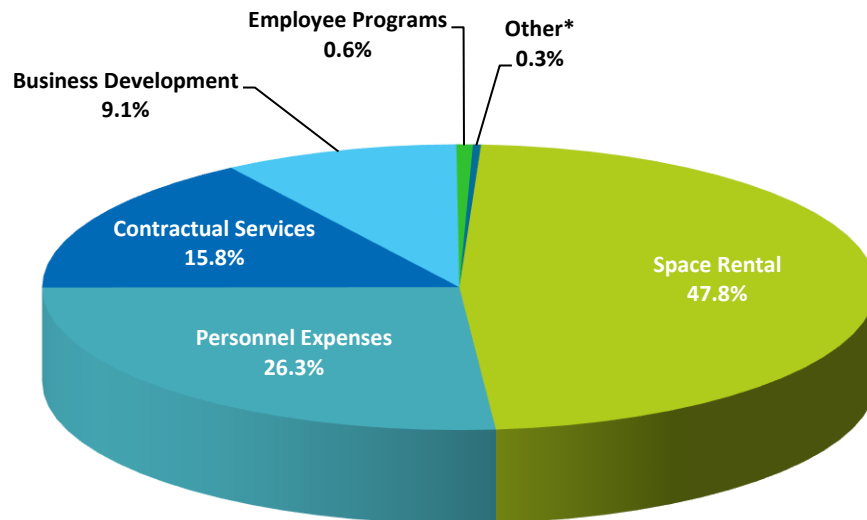
Revenue Management & Innovation Division

FY 2019 Expense Budget by Category

(in thousands)

Category	FY 2019 Budget
Space Rental	\$ 10,191
Personnel Expenses	5,600
Contractual Services	3,372
Business Development	1,948
Employee Programs	135
Other*	66
Total ⁽¹⁾	\$ 21,312

⁽¹⁾ Total may differ due to rounding



*Other includes operating equipment & systems, utilities and operating supplies, equipment rentals & repairs, legal settlements, etc.

Figure 40 – FY 2019 Expense Budget by Category

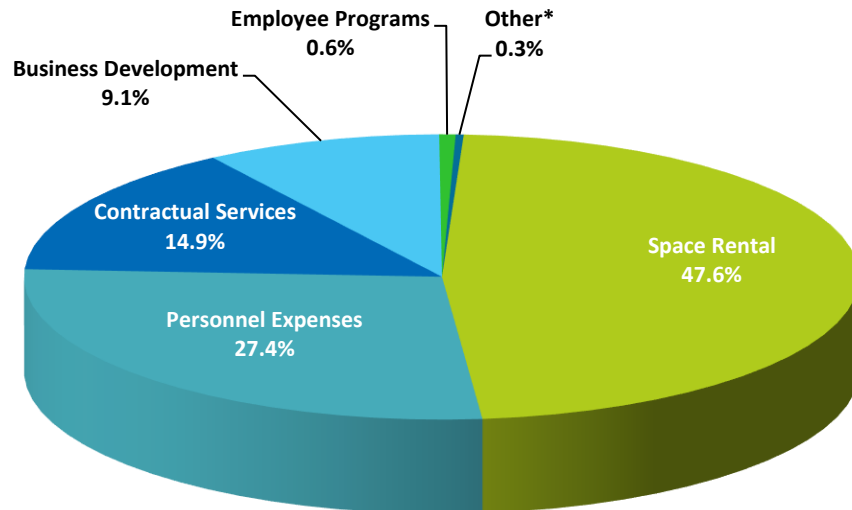
Revenue Management & Innovation Division

FY 2020 Expense Conceptual Budget by Category

(in thousands)

Category	FY 2020 Conceptual Budget
Space Rental	\$ 10,191
Personnel Expenses	5,861
Contractual Services	3,189
Business Development	1,957
Employee Programs	135
Other*	66
Total ⁽¹⁾	\$ 21,398

⁽¹⁾ Total may differ due to rounding

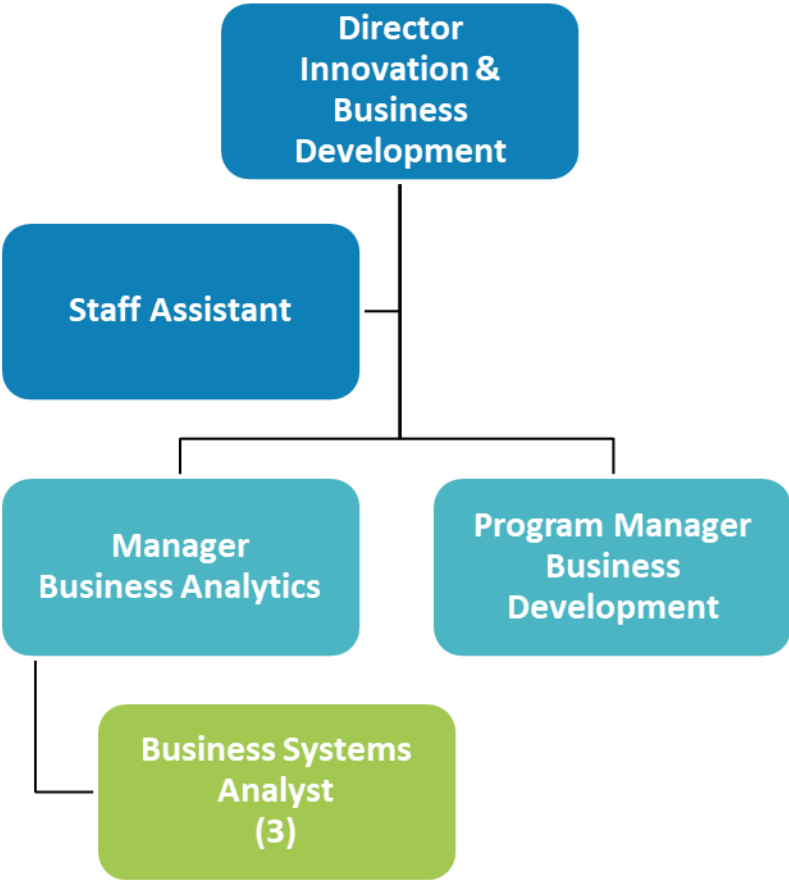


*Other includes operating equipment & systems, utilities and operating supplies, equipment rentals & repairs, legal settlements, etc.

Figure 41 – FY 2020 Expense Conceptual Budget by Category

Revenue Management & Innovation Division – Innovation & Business Development

FY 2019 – FY 2020 Organizational Structure



No personnel changes in FY 2020.

Revenue Management & Innovation Division – Innovation & Business Development

FY 2019 Budget – FY 2020 Expense Conceptual Budget Summary

<i>(in thousands)</i>	FY2017 Actuals	FY2018 Budget	FY 2019 Budget	Inc / (Dec) FY 19 vs FY18 Budget	% Change	FY 2020 Conceptual Budget	Inc / (Dec) FY 20 Conceptual vs FY 19 Budget	% Change
Operating Expenses								
Salaries & Wages	\$ 144	\$ 251	\$ 679	\$ 428	170.9%	\$ 706	\$ 27	4.0%
Overtime	-	-	-	-	0.0%	-	-	0.0%
Benefits	37	91	286	196	215.4%	304	17	6.0%
Subtotal	181	341	965	624	182.7%	1,009	44	4.6%
Less: Capitalized Labor Recharge	-	-	-	-	0.0%	-	-	0.0%
Less: QHP Labor Recharge	-	-	-	-	0.0%	-	-	0.0%
Total Personnel Costs	181	341	965	624	182.7%	1,009	44	4.6%
Contractual Services	65	100	300	200	200.0%	300	-	0.0%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	0	-	-	-	0.0%	-	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	-	-	-	-	0.0%	-	-	0.0%
Operating Supplies	0	-	3	3	0.0%	3	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Development	3	15	15	(0)	-1.3%	15	-	0.0%
Business Development	1	10	10	-	0.0%	10	-	0.0%
Equipment Rentals and Repairs	-	-	-	-	0.0%	-	-	0.0%
Tenant Improvements	-	-	-	-	0.0%	-	-	0.0%
Total Non-Personnel Costs	69	125	328	203	162.0%	328	-	0.0%
Total Operating Expenses	250	466	1,293	826	177.1%	1,337	44	3.4%
Joint Studies / Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlement Expense	-	-	-	-	0.0%	-	-	0.0%
Other Non-Operating Expenses	-	-	-	-	0.0%	-	-	0.0%
Total Expenses	250	466	1,293	826	177.1%	1,337	44	3.4%
Equipment Outlay Expenditures	-	-	-	-	0.0%	-	-	0.0%
Total Authority Expenses Incl Equip Outlay	\$ 250	\$ 466	\$ 1,293	\$ 826	177.1%	\$ 1,337	\$ 44	3.4%

Revenue Management & Innovation Division – Innovation & Business Development

Major Drivers of FY 2019 Budget & FY 2020 Conceptual Budget

<i>(in thousands)</i>	Inc/(Dec) FY19 vs FY18	Inc/(Dec) FY20 Conceptual vs FY19
FY 2018 Budget / FY 2019 Budget	\$ 466	\$ 1,293
Personnel Costs		
Salary adjustments and pay-for-performance *	428	27
Burden (benefits & employer taxes) for current staff *	196	17
Total Increase / (Decrease) in Personnel Costs	624	44
Innovation lab operator	100	-
Business Intelligence transferred from Information & Technology Services	100	-
Other, net	3	0
Total Increase / (Decrease) in Non-Personnel Costs	203	0
Total Increase / (Decrease)	826	44
FY 2019 Budget / FY 2020 Conceptual Budget	\$ 1,293	\$ 1,337

* 5 positions transferred from Information & Technology Services (3), Risk Management (1) and Terminal & Tenants (1).

Revenue Management & Innovation Division – Innovation & Business Development

FY 2018 Progress Report

1. Formulate innovative business concepts and facilitate the implementation of initiatives to meet the Strategic Plan goal of \$3M in new revenue within five years.

Progress: Staff met with various departments to identify business opportunities that create new revenue streams, or reduce costs and are now evaluating the various business cases.

Strategic Goals:

- Financial, execute a Plan of Finance that provides the financial resources necessary to achieve the FY 2022 Future State while maintaining the enterprise’s strong financial position.
- Customer, exceed our customers’ expectations by introducing innovative service and facility enhancements.

2. Provide the strategic oversight and day-to-day management necessary to utilize the Innovation Lab as a catalyst to foster non-traditional collaborations aimed at creating solutions for airport-related challenges to meet the Strategic Plan goal of \$3M in new revenue within five years.

Progress: Staff has hired a third party operator to help run the lab and manage the day-to-day lab activities. The team has created the operating procedures, and is narrowing down the next choice of innovations to be released as opportunities for the innovation community.

Strategic Goals:

- Operations, grow and efficiently manage capacity for future demand, both landside and airside, including international facilities.
- Financial, execute a Plan of Finance that provides the financial resources necessary to achieve the FY 2022 Future State while maintaining the enterprise’s strong financial position.
- Customer, exceed our customers’ expectations by introducing innovative service and facility enhancements.

3. Work in collaboration with Business Development and Business Management to create and evaluate new non-airline revenue opportunities in support of the Authorities goal of increasing non-airline revenue by \$3M per year by 2020.

Progress: Staff has coordinated the implementation of a new revenue source, concession order and delivery. This program is currently in limited testing with badged employees, and will be released to the general public in March of 2018.

Strategic Goals:

- Financial, execute a Plan of Finance that provides the financial resources necessary to achieve the FY 2022 Future State while maintaining the enterprise’s strong financial position.
- Customer, exceed our customers’ expectations by introducing innovative service and facility enhancements

Revenue Management & Innovation Division – Innovation & Business Development

FY 2019 – FY 2020 Goals

1. New Business Innovation: Create implement new business innovation process in collaboration with finance to identify two new business initiatives for implementation

Strategic Goal:

- Customer, exceed our customers' expectations by introducing innovative service and facility enhancements.

Strategic Initiative:

- 5B. Invest/participate in innovation that improves efficiency or enhances revenue

2. Innovation Lab & Business Collaboration: Work with the Third-party operator to identify three new innovation cohorts operating in the innovation lab over the next fiscal year.

Strategic Goal:

- Customer, exceed our customers' expectations by introducing innovative service and facility enhancements.

Strategic Initiative:

- 5B. Invest/participate in innovation that improves efficiency or enhances revenue

3. Existing Lines of Business: Work with Ground Transportation to identify revenue enhancement opportunities in the Authorities' parking products. Work with Facilities Maintenance to identify cost savings opportunities in current operational activities.

Strategic Goal:

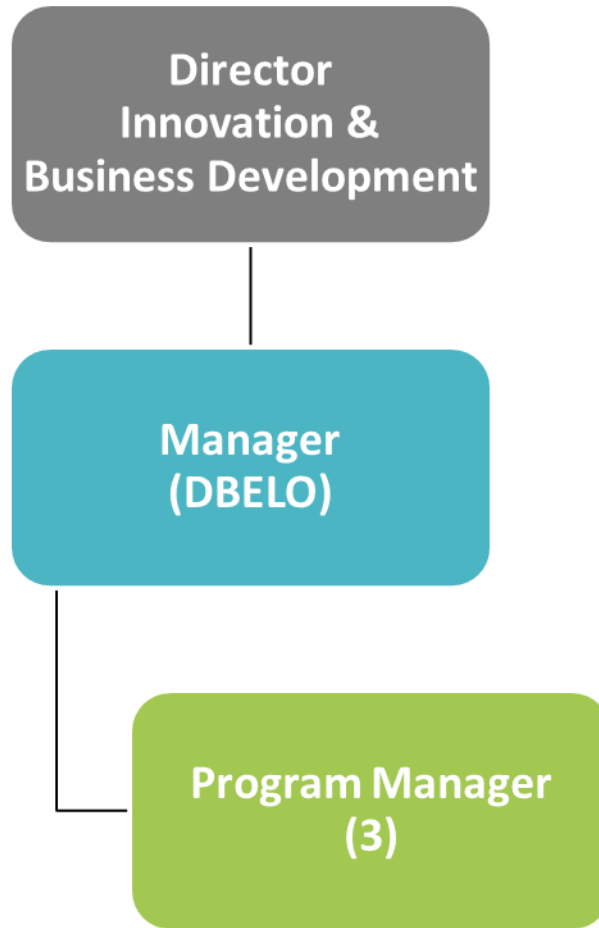
- Operations, grow and efficiently manage capacity for future demand, both landside and airside, including international facilities.

Strategic Initiative:

- 1D. Develop a plan for transportation to and at the airport that anticipates and responds to technological changes

Revenue Management & Innovation Division – Small Business Development

FY 2019 – FY 2020 Organizational Structure



Director position resides in Innovation & Business Development Department and is shown for structural purposes.

No personnel changes in FY 2020.

Revenue Management & Innovation Division – Small Business Development

FY 2019 Budget – FY 2020 Expense Conceptual Budget Summary

<i>(in thousands)</i>	FY2017 Actuals	FY2018 Budget	FY 2019 Budget	Inc / (Dec) FY 19 vs FY18 Budget	% Change	FY 2020 Conceptual Budget	Inc / (Dec) FY 20 Conceptual vs FY 19 Budget	% Change
Operating Expenses								
Salaries & Wages	\$ 266	\$ 358	\$ 357	\$ (0)	0.0%	\$ 372	\$ 14	4.0%
Overtime	-	-	-	-	0.0%	-	-	0.0%
Benefits	103	138	131	(7)	-5.4%	139	8	6.2%
Subtotal	369	496	488	(8)	-1.5%	511	22	4.6%
Less: Capitalized Labor Recharge	-	-	-	-	0.0%	-	-	0.0%
Less: QHP Labor Recharge	-	-	-	-	0.0%	-	-	0.0%
Total Personnel Costs	369	496	488	(8)	-1.5%	511	22	4.6%
Contractual Services	254	60	70	10	16.7%	70	-	0.0%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	0	0	0	(0)	-33.3%	0	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	-	-	-	-	0.0%	-	-	0.0%
Operating Supplies	3	3	3	(0)	0.0%	3	0	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Development	17	24	36	12	51.6%	36	-	0.0%
Business Development	24	28	29	1	3.0%	29	(0)	0.0%
Equipment Rentals and Repairs	41	45	16	(29)	-64.4%	16	-	0.0%
Tenant Improvements	-	-	-	-	0.0%	-	-	0.0%
Total Non-Personnel Costs	339	160	154	(6)	-3.7%	154	(0)	0.0%
Total Operating Expenses	708	656	642	(14)	-2.1%	665	22	3.5%
Joint Studies / Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlement Expense	-	-	-	-	0.0%	-	-	0.0%
Other Non-Operating Expenses	-	-	-	-	0.0%	-	-	0.0%
Total Expenses	708	656	642	(14)	-2.1%	665	22	3.5%
Equipment Outlay Expenditures	-	-	-	-	0.0%	-	-	0.0%
Total Authority Expenses Incl Equip Outlay	\$ 708	\$ 656	\$ 642	\$ (14)	-2.1%	\$ 665	\$ 22	3.5%

Revenue Management & Innovation Division – Small Business Development

Major Drivers of FY 2019 Budget & FY 2020 Conceptual Budget

<i>(in thousands)</i>	Inc/(Dec) FY19 vs FY18	Inc/(Dec) FY20 Conceptual vs FY19
FY 2018 Budget / FY 2019 Budget	\$ 656	\$ 642
Personnel Costs		
Salary adjustments and pay-for-performance	(0)	14
Burden (benefits & employer taxes) for current staff	(7)	8
Total Increase / (Decrease) in Personnel Costs	(8)	22
Other, net	(6)	(0)
Total Increase / (Decrease) in Non-Personnel Costs	(6)	(0)
Total Increase / (Decrease)	(14)	22
FY 2019 Budget / FY 2020 Conceptual Budget	\$ 642	\$ 665

Revenue Management & Innovation Division – Small Business Development

FY 2018 Progress Report

1. Continue to enhance and improve customer service to the business community through education, outreach and transparency.

- Evaluate outreach programs and business support services provided by the Airport Authority and implement enhancements to increase small, local, veteran and disadvantaged business participation in FY 2018.

Progress: Small Business Development continues to present information to the community on future contract opportunities, small business certifications, and how to do business with the Airport. From July 2017 to February 2018 Small Business Development has participated in 18 outreach events.

The team coordinated and hosted events such as Meet the Primes, Veterans Appreciation Luncheon, and a Lunch & Learn for our ACDBE partners. The objective of the outreach plans is to increase awareness, provide networking opportunities, and educate the small business community on how to do business with the Airport.

As of February 2018 Small Business Development continues to enhance the Airport web page to highlight small businesses that have successfully navigated through the Airport Authority's policies and procedures and benefited from the Airport Authority's Small Business Program. In addition, the team has implemented an initiative to partner with prime contractors to train small businesses that are awarded subcontracts on major construction projects.

Strategic Goals:

- Customer, exceed our customers' expectations by introducing innovative service and facility enhancements.
- Community, enhance community understanding of SAN as an economic engine and portal for prosperity.

2. Improve the collaboration between our internal stakeholders by engaging each department and promoting services that SBD can provide.

Progress: SBD is currently working with VVE to initiate a Podcast. The purpose of the Podcast is to help small businesses understand what it takes to do business with the Airport Authority. Show topics will include Prevailing Wages, Financing, Bonding, and Procurement. Small Business Development has presented at several department staff meetings to educate staff on the SBD program, DBE and ACDBE programs, and our processes and procedures to ensure that our external stakeholders are aware of our programs/services and can collaborate with us.

Strategic Goals:

- Customer, exceed our customers' expectations by introducing innovative service and facility enhancements.
- Operations, grow and efficiently manage capacity for future demand, both landside and airside, including international facilities.

Revenue Management & Innovation Division – Small Business Development

3. Ensure SBD participation in large capital programs working with the selected contractors to ensure that small, local, disadvantaged, and disabled veteran-owned business participation in subcontracts meet agreed to participation goals.

Progress: Staff meets quarterly with the Capital Improvement Program Oversight Committee to report the subcontract awards on major construction projects. Specifically for the Terminal 2 Parking Plaza project, and the FIS project. Small Business Development receives monthly reports from Swinerton & Turner/PCL that identify total dollars awarded to small businesses to date. According to the February 2018 report, to date Swinerton has awarded \$73.6 million for the T2PP project. Of the dollars awarded, 42.45% has gone to small businesses, 77.84% to local businesses, 13.06% to HUBE and 2.28% to veteran businesses. Turner/PCL has awarded \$98 million for the FIS Project. Of the dollars awarded, 25% has gone to small businesses, 86% to local businesses, 9% to HUBE, and 4.4% to veteran businesses.

Strategic Goals:

- Customer, exceed our customers' expectations by introducing innovative service and facility enhancements.
- Community, enhance community understanding of SAN as an economic engine and portal for prosperity.

Revenue Management & Innovation Division – Small Business Development

FY 2019 – FY 2020 Goals

1. Work with the ASF contractors, ADP contractors, and other major projects to facilitate their Small Business goals.

Strategic Goal:

- Financial, execute a Plan of Finance that provides the financial resources necessary to achieve the FY 2022 Future State while maintaining the enterprise’s strong financial position.

Strategic Initiative:

- 1B. Advance the ADP

2. Continue to enhance and improve customer service to the business community through education, outreach and transparency.

Strategic Goal:

- Customer, exceed our customers’ expectations by introducing innovative service and facility enhancements.

Strategic Initiative:

- 4F. Train and develop business driven, agile and collaborative capabilities

3. Improve the collaboration between SBD and our internal stakeholders by providing training on departmental procedures and services that SBD can provide.

Strategic Goal:

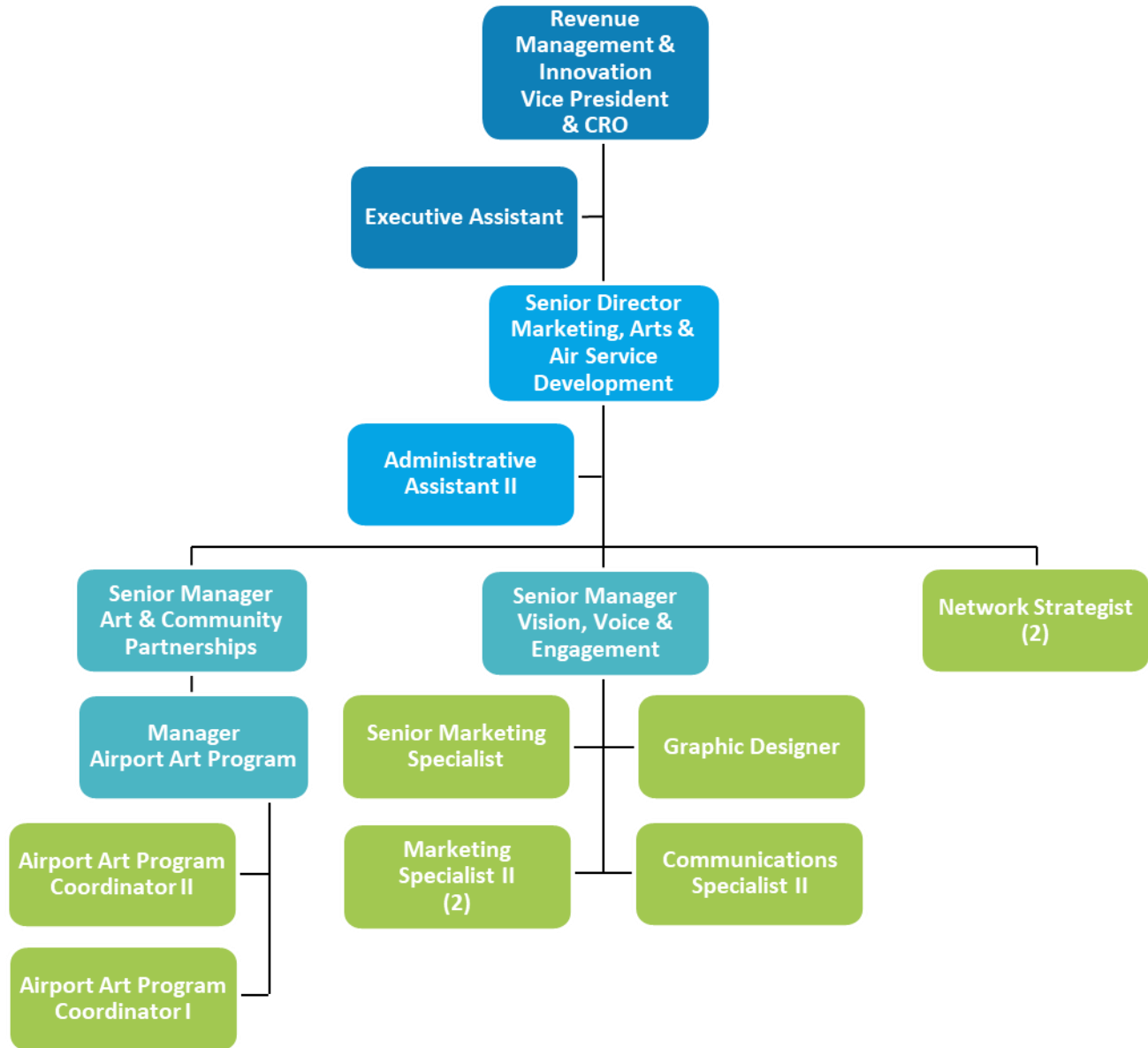
- Financial, execute a Plan of Finance that provides the financial resources necessary to achieve the FY 2022 Future State while maintaining the enterprise’s strong financial position.

Strategic Initiative:

- 4F. Train and develop business driven, agile and collaborative capabilities

Revenue Management & Innovation Division – Marketing, Arts & Air Service Development

FY 2019 – FY 2020 Organizational Structure



No personnel changes in FY 2020.

Revenue Management & Innovation Division – Marketing, Arts & Air Service Development

FY 2019 Budget – FY 2020 Expense Conceptual Budget Summary

<i>(in thousands)</i>	FY2017 Actuals	FY2018 Budget	FY 2019 Budget	Inc / (Dec) FY 19 vs FY18 Budget	% Change	FY 2020 Conceptual Budget	Inc / (Dec) FY 20 Conceptual vs FY 19 Budget	% Change
Operating Expenses								
Salaries & Wages	\$ 230	\$ 320	\$ 1,538	\$ 1,218	381.1%	\$ 1,599	\$ 62	4.0%
Overtime	-	-	-	-	0.0%	-	-	0.0%
Benefits	113	145	679	533	366.8%	721	42	6.3%
Subtotal	342	465	2,216	1,751	376.6%	2,321	104	4.7%
Less: Capitalized Labor Recharge	-	-	-	-	0.0%	-	-	0.0%
Less: QHP Labor Recharge	-	-	-	-	0.0%	-	-	0.0%
Total Personnel Costs	342	465	2,216	1,751	376.6%	2,321	104	4.7%
Contractual Services	338	285	828	543	190.5%	638	(190)	-22.9%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	0	-	-	-	0.0%	-	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	0	-	2	2	0.0%	2	(1)	-25.0%
Operating Supplies	0	1	2	1	156.3%	2	(0)	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Development	29	32	64	32	98.5%	64	(0)	-0.4%
Business Development	134	605	1,899	1,294	214.1%	1,909	10	0.5%
Equipment Rentals and Repairs	-	-	-	-	0.0%	-	-	0.0%
Tenant Improvements	-	-	-	-	0.0%	-	-	0.0%
Total Non-Personnel Costs	501	923	2,795	1,872	202.9%	2,614	(181)	-6.5%
Total Operating Expenses	844	1,388	5,012	3,624	261.1%	4,935	(77)	-1.5%
Joint Studies / Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlement Expense	-	-	-	-	0.0%	-	-	0.0%
Other Non-Operating Expenses	-	-	-	-	0.0%	-	-	0.0%
Total Expenses	844	1,388	5,012	3,624	261.1%	4,935	(77)	-1.5%
Equipment Outlay Expenditures	-	-	-	-	0.0%	-	-	0.0%
Total Authority Expenses Incl Equip Outlay	\$ 844	\$ 1,388	\$ 5,012	\$ 3,624	261.1%	\$ 4,935	\$ (77)	-1.5%

Revenue Management & Innovation Division – Marketing, Arts & Air Service Development

Major Drivers of FY 2019 Budget & FY 2020 Conceptual Budget

<i>(in thousands)</i>	Inc/(Dec) FY19 vs FY18	Inc/(Dec) FY20 Conceptual vs FY19
FY 2018 Budget / FY 2019 Budget	\$ 1,388	\$ 5,012
Personnel costs		
Salary adjustments and pay-for-performance *	1,218	62
Burden (benefits & employer taxes) for current staff *	533	42
Total Increase / (Decrease) in Personnel Costs	1,751	104
Marketing Activities transferred from Media & Public Relations	846	-
Marketing Consultants transferred from Media & Public Relations	533	(195)
Parking and Concessions Advertising transferred from Media & Public relations	425	-
Other, net	69	14
Total Increase / (Decrease) in Non-Personnel Costs	1,872	(181)
Total Increase / (Decrease)	3,624	(77)
FY 2019 Budget / FY 2020 Conceptual Budget	\$ 5,012	\$ 4,935

* 13 positions transferred from Media & Public Relations (10) and Talent, Culture & Capability (3).

Revenue Management & Innovation Division – Marketing, Arts & Air Service Development

FY 2018 Progress Report

1. Secure at least one new domestic destination after every fiscal year where overall domestic available seat departure growth exceeds 5%. Maintain number of domestic destinations served if national seat departure growth is between 0.00 – 4.99%.

Progress: Seat departures grew in 2018 and six new domestic destinations were added at San Diego International Airport including: Colorado Springs, Tulsa, Oklahoma City, Tampa and Indianapolis.

Strategic Goal:

- Operations, grow and efficiently manage capacity for future demand, both landside and airside, including international facilities.

2. Secure air service to a second European Hub market or additional European origin – destination markets.

Progress: Lufthansa announced service to San Diego in summer of 2017 with a launch date within this fiscal year

Strategic Goal:

- Operations, grow and efficiently manage capacity for future demand, both landside and airside, including international facilities.

3. Secure air service to a Latin American hub market or large Latin American origin – destination markets.

Progress: Work with stakeholders continues to develop this market and this work will continue into FY 2019

Strategic Goal:

- Operations, grow and efficiently manage capacity for future demand, both landside and airside, including international facilities.

Revenue Management & Innovation Division – Marketing, Arts & Air Service Development

FY 2019 – FY 2020 Goals

1. Secure air service to a Latin American hub

Strategic Goal:

- Customer, exceed our customers' expectations by introducing innovative service and facility enhancements.

Strategic Initiative:

- 1A. Attract domestic and international airlines and passengers

2. Complete the Economic Impact study on time and fully integrate new team members to further to support the communication of airport activities to the community.

Strategic Goal:

- Community, enhance community understanding of SAN as an economic engine and portal for prosperity.

Strategic Initiative:

- 3A. Execute regional engagement and education plan to clearly communicate SAN's role in economic growth

3. Develop and execute strategic marketing campaigns and promotions for parking, concessions and air service.

Strategic Goal:

- Customer, exceed our customers' expectations by introducing innovative service and facility enhancements.
- Financial, execute a Plan of Finance that provides the financial resources necessary to achieve the FY 2022 Future State while maintaining the enterprise's strong financial position.

Strategic Initiative:

- 1A. Attract domestic and international airlines and passengers
- 1C. Define and deliver a seamless, unique, consistent airport and product experience
- 5E. Develop business plan that evaluates margins on non-airline operating revenue streams

4. Execute the Arts Master Plan as it relates to the ADP and community partnerships.

Strategic Goal:

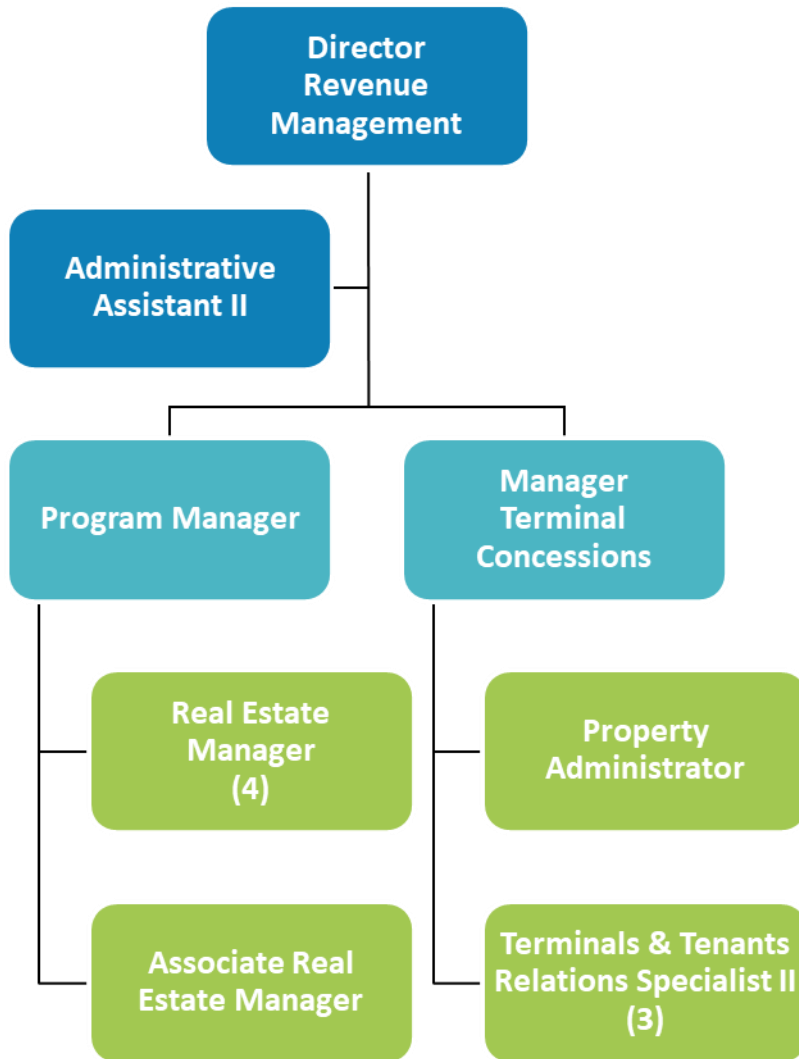
- Community, enhance community understanding of SAN as an economic engine and portal for prosperity.

Strategic Initiative:

- 3D. Further develop arts and cultural programming through strategic community partnerships that expand awareness

Revenue Management & Innovation Division – Revenue Management

FY 2019 – FY 2020 Organizational Structure



No personnel changes in FY 2020.

Revenue Management & Innovation Division – Revenue Management

FY 2019 Budget – FY 2020 Expense Conceptual Budget Summary

<i>(in thousands)</i>	FY2017 Actuals	FY2018 Budget	FY 2019 Budget	Inc / (Dec) FY 19 vs FY18 Budget	% Change	FY 2020 Conceptual Budget	Inc / (Dec) FY 20 Conceptual vs FY 19 Budget	% Change
Operating Expenses								
Salaries & Wages	\$ 1,067	\$ 1,201	\$ 1,327	\$ 126	10.5%	\$ 1,380	\$ 53	4.0%
Overtime	-	-	-	-	0.0%	-	-	0.0%
Benefits	490	557	604	47	8.3%	640	36	6.0%
Subtotal	1,557	1,758	1,931	172	9.8%	2,020	89	4.6%
Less: Capitalized Labor Recharge	-	-	-	-	0.0%	-	-	0.0%
Less: QHP Labor Recharge	-	-	-	-	0.0%	-	-	0.0%
Total Personnel Costs	1,557	1,758	1,931	172	9.8%	2,020	89	4.6%
Contractual Services	42	80	2,174	2,094	2617.0%	2,181	7	0.3%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	10,190	10,191	10,191	-	0.0%	10,191	-	0.0%
Utilities	1	1	1	0	7.5%	1	-	0.0%
Maintenance	23	20	22	2	10.0%	22	-	0.0%
Operating Equipment & Systems	1	2	-	(2)	-100.0%	-	-	0.0%
Operating Supplies	13	5	7	2	36.0%	7	0	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Development	26	26	20	(6)	-24.0%	20	(0)	0.0%
Business Development	11	28	10	(18)	-63.6%	10	(0)	-2.5%
Equipment Rentals and Repairs	3	-	5	5	0.0%	5	-	0.0%
Tenant Improvements	42	10	-	(10)	-100.0%	-	-	0.0%
Total Non-Personnel Costs	10,351	10,363	12,430	2,067	19.9%	12,436	7	0.1%
Total Operating Expenses	11,908	12,121	14,360	2,239	18.5%	14,456	96	0.7%
Joint Studies / Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlement Expense	-	-	-	-	0.0%	-	-	0.0%
Other Non-Operating Expenses	-	-	-	-	0.0%	-	-	0.0%
Total Expenses	11,908	12,121	14,360	2,239	18.5%	14,456	96	0.7%
Equipment Outlay Expenditures	-	-	5	5	0.0%	5	-	0.0%
Total Authority Expenses Incl Equip Outlay	\$ 11,908	\$ 12,121	\$ 14,365	\$ 2,244	18.5%	\$ 14,461	\$ 96	0.7%

Revenue Management & Innovation Division – Revenue Management

Major Drivers of FY 2019 Budget & FY 2020 Conceptual Budget

<i>(in thousands)</i>	Inc/(Dec) FY19 vs FY18	Inc/(Dec) FY20 Conceptual vs FY19
FY 2018 Budget / FY 2019 Budget	\$ 12,121	\$ 14,365
Personnel Costs		
Salary adjustments and pay-for-performance *	126	53
Burden (benefits & employer taxes) for current staff *	47	36
Total Increase / (Decrease) in Personnel Costs	172	89
Receiving & Distributing Center Services transferred from Terminal & Tenants	1,685	7
Concessions Development Program hood/vent cleaning transferred from Terminal & Tenants	-	0
Other, net	386	(0)
Total Increase / (Decrease) in Non-Personnel Costs	2,072	7
Total Increase / (Decrease)	2,244	96
FY 2019 Budget / FY 2020 Conceptual Budget	\$ 14,365	\$ 14,461

* 5 positions transferred to Airline Relations and 6 positions transferred from Terminal & Tenants.

Revenue Management & Innovation Division – Revenue Management

FY 2018 Progress Report

1. Implement new budget and planning software. Continue to develop management dash boards, automated reports that improve processes and database tools.

Progress: Software has been purchased. The team has built a number of models and is currently building a set of dashboards to present to the executive team.

Strategic Goals:

- Financial, execute a Plan of Finance that provides the financial resources necessary to achieve the FY 2022 Future State while maintaining the enterprise’s strong financial position.
- Operations, grow and efficiently manage capacity for future demand, both landside and airside, including international facilities.
- Customer, exceed our customers’ expectations by introducing innovative service and facility enhancements.

2. Support the Airport Capital Program by identifying and assessing funding sources, revenue opportunities and incorporating these sources into a long-term capital plan, along with the completion of the value for money analysis for the ADP. This will assist in developing a sustainable and acceptable plan to the Airport Authority’s Board and Airline Partners.

Progress: The initial Plan of Finance based on a 30 gate option has been completed. A final version will be completed in mid-August after the scope of the project has been defined in more detail and the updated cost estimate has been completed.

Strategic Goals:

- Financial, execute a Plan of Finance that provides the financial resources necessary to achieve the FY 2022 Future State while maintaining the enterprise’s strong financial position.
- Customer, exceed our customers’ expectations by introducing innovative service and facility enhancements.

3. Work in collaboration with Business Development and Business Management to create and evaluate new non-airline revenue opportunities in support of the Authorities goal of increasing non-airline revenue by \$3,000,000 per year by 2020.

Progress: Still in progress.

Strategic Goals:

- Financial, execute a Plan of Finance that provides the financial resources necessary to achieve the FY 2022 Future State while maintaining the enterprise’s strong financial position.

Revenue Management & Innovation Division – Revenue Management

4. Customer, exceed our customers' expectations by introducing innovative service and facility enhancements. Commence evaluation of the Airline Operating and Lease Agreement (AOLA), due to expire in July 2018, to ensure it meets the Airport Authority's stakeholders' goals and to provide a strong negotiation position. Work closely with Finance to incorporate the ideas into the business model and include ideas for concession development.

Progress: The AOLA process has been initiated. A matrix of issues and recommended changes has been created. This project will happen over an 18 to 24 month period to complete.

Strategic Goals:

- Financial, execute a Plan of Finance that provides the financial resources necessary to achieve the FY 2022 Future State while maintaining the enterprise's strong financial position.
- Customer, exceed our customers' expectations by introducing innovative service and facility enhancements.

Revenue Management & Innovation Division – Revenue Management

FY 2019 – FY 2020 Goals

1. Support the IT needs Innovation Lab third party operator and innovators operating in the innovation lab by assisting with system configurations, network access, and helping identify IT related solutions to improve operational efficiency, reduce costs, increase revenue, and/or improve customer service.

Strategic Goal:

- Community, enhance community understanding of SAN as an economic engine and portal for prosperity.

Strategic Initiative:

- 5B. Invest/participate in innovation that improves efficiency or enhances revenue

2. Support Airport Authority wide implementation of new IT solutions to enhance the business process and productivity of staff, critical projects such as, Wi-Fi, passenger flow measuring and the ADP to ensure that innovative technologies are incorporated into the design and implementation.

Strategic Goal:

- Financial, execute a Plan of Finance that provides the financial resources necessary to achieve the FY 2022 Future State while maintaining the enterprise's strong financial position.

Strategic Initiative:

- 1B. Advance the ADP
- 1C. Define and deliver a seamless, unique, consistent airport and product experience

3. Assist in the development, construction and operation of the new Duty Free Store, the new common use lounge and any other future development.

Strategic Goal:

- Operations, grow and efficiently manage capacity for future demand, both landside and airside, including international facilities.

Strategic Initiative:

- 2C. Manage ongoing business effectively through change

4. Create a comprehensive business plan that will evaluate the potential for non-airline revenue by introducing concierge services at SAN. The business model would assess the potential to create airport revenue by offering a variety of services to passengers not currently available.

Strategic Goal:

- Customer, exceed our customers' expectations by introducing innovative service and facility enhancements.

Strategic Initiative:

- 1C. Define and deliver a seamless, unique, consistent airport and product experience

DEBT SERVICE



20
13

GREEN BUILD LEADS THE WAY

THE EXPANSION OF TERMINAL 2 WEST AND AIRPORT ROADWAY IMPROVEMENTS, KNOWN AS "THE GREEN BUILD" IS COMPLETED. IT BECOMES THE WORLD'S FIRST LEED PLATINUM-CERTIFIED COMMERCIAL AIRPORT TERMINAL.

Debt Service

Overview

Capital projects are funded by a combination of sources that include short-term and long-term debt instruments. Debt service amounts appearing in the budget are based on payments of principal, interest, and fees for the revenue bonds and variable debt. Debt service expenses (which also include amortization of bond premiums and cost of issuance fees) are projected at \$103.6M for the FY 2019 Budget and \$113.6M for the FY 2020 Conceptual Budget (see *Debt Service by Source*).

Allowed Purposes and Types of Debt

The Airport Authority does not have taxing power and therefore issues revenue bonds to finance the construction of airport projects. The bonds are called revenue bonds because their repayment is secured solely by revenues produced by the Airport system. The Airport Authority may also issue special facility obligations to finance capital projects. Such obligations must be secured by a defined revenue stream derived from or relating to discrete facilities.

Debt Limit Policy

The Airport Authority's policy is to manage its current and future debt service requirements in compliance with all bond covenants, while prudently meeting the Airport Authority's capital needs. The Airport Authority does not have a legal debt limit, but is constrained by its bond indenture requirement for debt service coverage, which requires that net revenues (generally defined as operating revenues less operating expenses) pledged to pay debt service exceed 125% (1.25x) of annual senior lien bond debt service and that subordinate net revenues shall exceed 110% (1.10x) of subordinate lien debt service. This acts as a cap on the annual debt service, not a cap on the amount of outstanding debt, and is a common provision in airport bond resolutions. A debt service coverage table is shown on page 242.

In addition, the Board has adopted a debt policy that calls for minimum debt service coverage of 175% (1.75x) for senior lien debt and aggregate debt service coverage (senior and subordinate) of 150% (1.50x).

Outstanding Debt

Series 2013 Bonds – Senior Airport Revenue Bonds

On January 30, 2013, the Airport Authority issued \$379.6M in Senior Airport Revenue Bonds. The bond proceeds were used to finance a portion of the construction of the Green Build and certain projects in the CIP. The bonds were issued in the following series and amounts: Series A (non-AMT) \$107.3M; and Series B (AMT) \$272.3M.

The Series 2013 Bonds were structured as serial and term bonds that bear interest rates ranging from 3.0% to 5.0% maturing in Fiscal Years 2016-2044.

The Series 2013 Bonds are payable solely from and secured by a pledge of "Net Revenues." Net Revenues are generally defined as all revenues and other cash receipts of the Airport Authority's Airport operations less amounts required to pay operations and maintenance expenses of the Airport. Pledged "Net Revenues" do not include cash received from PFCs, CFCs or Federal Grants

Series 2010 & 2017 Bonds – Subordinate Airport Revenue Bonds

On October 5, 2010, the Airport Authority issued \$572.6M in Subordinate Airport Revenue Bonds. The bond proceeds were used primarily for construction of The Green Build as well as for projects in the CIP. The bonds

Debt Service

were issued in the following series and amounts: Series A (non-AMT) \$313.2M; Series B (non-AMT) \$44.1M; and Series C (Build America Bonds) \$215.4M.

The purpose of Build America Bonds (BABs) was to reduce the cost of borrowing for state and local government issuers and governmental agencies. The program was applicable to new issue capital expenditure bonds issued before January 1, 2011. There are two types of BABs: "Tax Credit BABs" and "Direct Payment BABs." The Airport Authority issued Direct Payment BABs which provide a federal subsidy of 35% of the interest paid on the bonds directly to the Airport Authority. As a result of the ongoing sequestration, in 2018, the Airport Authority expects that the subsidy receivable by it on the Subordinate Series 2010C Bonds will be reduced by 6.8% or approximately \$0.3M. The subsidy is not included in "Net revenues," rather it is used to pay debt service.

The Series 2010 Bonds were structured as serial and term bonds that bear interest at rates ranging from 2.00% to 6.63% (prior to BAB subsidy) maturing in Fiscal Years 2012 to 2041. Interest on the bonds is payable semiannually on January 1 and July 1 of each year.

On July 18, 2017 the Airport Authority issued \$291,210,000 of Series A and B Subordinate Airport Revenue Bonds (Series 2017 Bonds) on August 3, 2017. The Subordinate Series 2017 Bonds were issued to finance certain capital improvements at SDIA including the Parking Plaza and the FIS facility, fund a portion of the interest accruing on the subordinate Series 2017 Bonds, refund \$32,550,000 of the Airport Authority's outstanding variable rate debt, fund the subordinate reserve fund and pay the costs of issuance of the subordinate Series 2017 Bonds. The Series 2017 Bonds are structured as serial and term bonds that bear interest at rates ranging from 4.00 percent to 5.00 percent and mature in fiscal years 2019 to 2048. The bonds were issued at a premium of \$48,423,687, which is being amortized over the life of the bonds. Interest on the senior Series 2017 Bonds is payable semiannually on January 1 and July 1, of each year

The Series 2010 Bonds and 2017 Bonds are payable solely from and secured by a pledge of "Subordinate Net Revenues." Subordinate Net Revenues are generally defined as all revenues and other cash receipts of the Airport Authority's Airport operations remaining after Senior Lien payments have been deposited by the Trustee in accordance with the Senior Lien Trust Indenture.

Series 2014 Bonds – Senior Special Facilities Revenue Bonds

On February 19, 2014, the Airport Authority issued \$305.3M in Senior Special Facilities Revenue Bonds. The Bond Proceeds were used to finance the construction of the Rental Car Center (RCC) and certain associated projects in the CIP. The bonds were issued in the following series and amounts: Series A (non-AMT) \$29.4M; and Series B (AMT) \$275.9M.

The Series 2014 Bonds were structured as serial and term bonds that bear interest rates ranging from 2.537% to 5.594% maturing in Fiscal Years 2020-2045.

The Series 2014 Bonds are payable solely from and secured by a pledge of the "Trust Estate" which includes CFCs and bond funding supplemental consideration, payable by the rental car companies in the event that CFCs are insufficient to meet the Bond funding obligations.

Debt Service

Debt Rating

The following table outlines the credit ratings for the Airport Authority's outstanding bond issues.

<u>Rating Agency</u>	<u>Standard & Poor's</u>	<u>Moody's</u>	<u>Fitch</u>
Series 2013 (Senior)	A+	A1	A+
Series 2010 (Subordinate)	A	A2	A
Series 2014 (Special Facility)	A-	A3	N/A

Variable Rate Debt

The Airport Authority replaced its commercial paper program with a revolving line of credit, issued by US Bank, on September 5, 2014. The Revolving Credit Agreement is for an initial term of three (3) years and has a total available commitment of \$125.0M. The agreement was extended for an additional three years on June 29, 2018.

Additionally, In April of 2018 the Airport Authority established a Subordinate Drawdown Bond program with Royal Bank of Canada (RBC) Municipal Products of up to \$100.0M. On April 1, 2018 the Airport Authority and RBC Municipal Products agreed upon a Bondholders Agreement and on April 19, 2018 the Airport Authority and RBC Capital Markets LLC agreed upon a Subordinate Drawdown Bond Purchase Agreement. When issued, all Subordinate Drawdown Bonds will be purchased by the Subordinate Drawdown Bond Purchaser in accordance with the terms of the Subordinate Drawdown Bondholder's Agreement and the Subordinate Drawdown Bond Purchase Agreement. The Airport Authority currently has no Subordinate Drawdown Bonds outstanding. The RBC Drawdown Bond commitment is also for a term of three years.

The Airport Authority's outstanding short-term debt consists of \$14.8M of Series B (AMT) and \$5.4M of Series C revolving line of credit as of July 1, 2018. Obligations incurred under the Revolving Credit Agreement and are payable solely from and secured by a pledge of "Subordinate Net Revenues" (which are generally defined as all revenues and other cash receipts of the Airport Authority's Airport operations that are remaining after Senior Lien obligations have been met).

Proposed Debt Issuance

Series 2019 Bonds – Subordinate Airport Revenue Bonds

The Airport Authority intends to issue up to \$350.0M of Airport Revenue bonds in late 2019. The proceeds from the sale of the Subordinate Series 2018 Bonds shall be used to provide funds for construction and certain other capital improvements at the Airport.

Debt Service

Debt Service Coverage

The following table shows debt service coverage on the aggregate senior and subordinate lien debt.

(in thousands)

	FY 2017 Actuals	FY 2018 Budget	FY 2019 Budget	FY 2020 Conceptual Budget
Airport Revenues	\$ 255,541	\$ 262,423	\$ 297,530	\$ 316,152
Operations & Maintenance Expenses	(154,456)	(166,139)	(170,838)	(176,323)
Net Revenue available for Senior & Subordinate Lien Debt Service	101,085	96,284	126,692	139,829
Senior Bond Debt Service	20,505	20,504	20,494	31,883.25
PFCs used to pay Debt Service	(9,549)	(9,547)	(9,544)	(11,261)
Senior Bond Debt Service, Net of PFCs	\$ 10,956	\$ 10,956	\$ 10,950	\$ 20,623
Senior Bonds Debt Service Coverage (x)	9.23	8.79	11.57	6.78
Subordinate Net Revenues	\$ 90,129	\$ 85,327	\$ 115,742	\$ 125,083
Subordinate Lien Bond Debt Service	40,146	56,157	58,499	59,059
Variable Rate Debt Service	7,000	7,292	7,374	1,938
PFCs used to pay Debt Service	(20,457)	(20,458)	(20,461)	(18,745)
BAB Subsidy	(4,631)	(4,656)	(4,631)	(4,631)
Subordinate Debt Service, Net of PFCs and BAB Subsidy	\$ 22,058	\$ 38,335	\$ 40,780	\$ 37,621
Subordinate Debt Service Coverage (x)	4.09	2.23	2.84	3.32
Aggregate (Senior and Subordinate Lien) Debt Service	\$ 67,651	\$ 83,953	\$ 86,367	\$ 92,880
PFCs used to pay Debt Service	(30,005)	(30,005)	(30,005)	(30,005)
BAB Subsidy	(4,631)	(4,656)	(4,631)	(4,631)
Total Debt Service, Net of PFCs and BAB Subsidy	\$ 33,015	\$ 49,291	\$ 51,730	\$ 58,244
Total Debt Service Coverage (x)	3.06	1.95	2.45	2.40

Debt Service

The following table shows debt service coverage on the CFC bond debt.

(in thousands)

	FY 2018 Budget	FY 2019 Budget	FY 2020 Conceptual Budget
CFC Collections	\$ 40,009	\$ 40,204	\$ 41,017
Interest Earnings	334	1,294	1,715
Total Amounts Available	\$ 40,343	\$ 41,499	\$ 42,732
Rolling Coverage Fund Balance	6,576	6,576	6,576
Total Amounts Available, plus Rolling Coverage Fund Balance	\$ 46,919	\$ 48,074	\$ 49,308
Aggregate Annual Debt Service	\$ 21,921	\$ 21,920	\$ 21,919
Coverage excluding Rolling Coverage Fund	1.84	1.89	1.95
Coverage including Rolling Coverage Fund	2.14	2.19	2.25

Debt Service

Outstanding Debt Service *

(in thousands)

Aggregate Senior and Subordinate Debt Service							Special Facility Debt
Year Ended July 1	Variable Debt Principal, Interest and Fees	2013 Senior Bonds Principal and Interest	2010 Subordinate Bonds Principal and Interest	2017 Subordinate Bonds Principal and Interest	2019 Senior Bonds Principal and Interest	Total	2014 CFC Bonds
2018	\$ 7,437	\$ 20,504	\$ 40,150	\$ 16,544	\$ -	\$ 84,635	\$ 21,921
2019	7,374	20,494	40,146	18,353	-	86,367	21,920
2020	1,938	26,006	40,144	18,916	5,877	92,880	21,919
2021	1,933	26,000	40,151	18,919	20,498	107,501	21,918
2022	1,928	25,994	40,151	18,916	22,219	109,208	21,921
2023	1,932	26,003	40,144	18,915	22,221	109,214	21,917
2024	1,925	26,000	40,148	18,916	22,223	109,212	21,919
2025	1,922	25,998	40,149	18,912	22,226	109,208	21,920
2026	1,994	26,003	40,147	18,915	22,223	109,282	21,919
2027	1,990	26,002	40,143	18,916	22,223	109,274	21,919
2028	1,759	25,996	40,152	18,917	22,221	109,045	21,920
2029	1,763	25,990	40,152	18,915	22,222	109,042	21,920
2030	1,755	26,003	40,145	18,916	22,223	109,042	21,918
2031	-	16,668	50,929	18,918	22,224	108,738	21,922
2032	-	16,979	50,619	18,915	22,219	108,733	21,920
2033	-	17,240	50,357	18,917	22,228	108,741	21,920
2034	-	17,606	49,995	18,912	22,223	108,735	21,917
2035	-	18,016	49,582	18,915	22,224	108,736	21,918
2036	-	18,552	49,045	18,918	22,224	108,739	21,921
2037	-	19,105	48,493	18,916	22,223	108,737	21,918
2038	-	19,692	47,910	18,913	22,229	108,743	21,919
2039	-	20,294	47,307	18,913	22,220	108,733	21,919
2040	-	20,923	46,678	18,918	22,220	108,740	21,918
2041	-	67,600	-	18,918	22,223	108,742	21,921
2042	-	67,600	-	18,921	22,222	108,743	21,922
2043	-	67,598	-	18,915	22,225	108,737	21,922
2044	-	-	-	18,919	22,225	41,144	21,919
2045	-	-	-	18,916	22,226	41,142	-
2046	-	-	-	18,914	22,225	41,139	-
2047	-	-	-	18,916	22,221	41,137	-
2048	-	-	-	-	22,226	22,226	-
2049	-	-	-	-	22,223	22,223	-
Total	\$ 35,650	\$ 714,865	\$ 1,012,838	\$ 564,541	\$ 648,625	\$ 2,976,518	\$ 591,828

* Net of capitalized interest and excludes Passenger Facility Charge applied to Debt Service and Build America Bond Rebate

* 2019 Bonds are shown with estimated Debt Service

Debt Service

Debt Service by Source

(in thousands)

	FY 2017 Actuals	FY 2018 Budget	FY 2019 Budget	Inc / (Dec) FY19 vs FY18 Budget	% Change	FY 2020 Conceptual Budget	Inc / (Dec) FY20 Conceptual vs FY19 Budget	% Change
Principal on Variable Rate Debt	\$ 6,124	\$ 6,275	\$ 6,439	\$ 164	2.6%	\$ 1,100	\$ (5,339)	-82.9%
Interest on Variable Rate Debt	(4,223)	576	553	(23)	-4.0%	411	(142)	-25.7%
Principal on Revenue Bonds	11,090	14,385	17,145	2,760	19.2%	23,615	6,470	37.7%
Interest on Revenue Bonds	49,043	62,276	61,848	(428)	-0.7%	67,328	5,480	8.9%
Principal on Special Facility Bonds	0	5,580	5,720	140	2.5%	5,890	170	3.0%
Interest on Special Facility Bonds	16,341	16,341	16,270	(71)	-0.4%	16,114	(156)	-1.0%
Principal & Interest Expense – Capitalized Leases	661	877	877	(0)	0.0%	877	(0)	0.0%
Cost of Issuance and other Fees	488	2,440	414	(2,026)	-83.0%	3,820	3,406	823.5%
Amortization of Bond Premiums	(4,154)	(4,059)	(5,682)	(1,623)	40.0%	(5,521)	161	-2.8%
Total Debt Service	\$ 75,370	\$ 104,692	\$ 103,585	\$ (1,107)	-1.1%	\$ 113,634	\$ 10,049	9.7%

This page intentionally left blank.

CAPITAL PROGRAM



20
14

SMOOTH OPERATOR

A STATE-OF-THE-ART "FIXED-BASE OPERATOR" COMPLEX OPENED. THIS GENERAL AVIATION FACILITY IS NOW OPERATED BY SIGNATURE FLIGHT SUPPORT.

Capital Program

Overview

The capital program at SAN consists of the Capital Improvement Program (CIP) which uses traditional (Design-Bid-Build) project delivery, as well as projects such as the Rental Car Center and Terminal 2 West FIS Build-out which were implemented under an alternative project delivery method (Design-Build). The CIP is a rolling five-year program that provides critical improvements and asset preservation. The program includes capital improvement projects that address federal security requirements, airfield safety, environmental remediation, terminal upgrades and development. Funding sources for the projects include Federal Aviation Administration's AIP, Transportation Security Agency grants, PFCs, CFCs, Airport operating revenues, Airport revenue bonds, Special Facility Bonds and short-term borrowing using commercial paper/revolving line of credit.

Capital Program Process

The Capital Program is designed to incorporate a dynamic process. The annual development of the capital program begins with departments submitting project requests for their functional area. These project requests are reviewed and approved by the respective department's Vice President prior to submission to a capital program working group comprised of staff representatives from various Airport Authority departments.

After the request is submitted to the working group, interviews are conducted between Airport Authority staff and project sponsors to determine if there are any significant issues and/or risks in undertaking the project. Taking into account the Airport Authority's Sustainability Policy, a complete review is performed with a focus on developing a business case that includes total costs of ownership, project feasibility and economic viability. In addition, the operational benefit and the Airport Authority's ability to provide natural resource conservation while being socially responsible are evaluated.

Following the interviews, the working group forwards evaluations of the proposed projects to a review group comprised of key department Directors. The review group then forwards recommendations including project budgets, schedules, issues and proposed funding sources to the Airport Authority's three Vice Presidents and President/CEO who oversee the Capital Improvement Program. The executives meet weekly and reviews all new project requests, changes to project scopes, budgets and schedules and ensures the efficient use of the Airport Authority's capital resources as those requests are submitted. The executives may direct the project sponsors and development team to define the project deliverables and report on estimated costs. The executives recommend projects to be included in the Capital Improvement Program or they may revise the list of projects to be presented to the Airport Authority Board based on funding availability and project necessity. Following Airport Authority Board approval of the CIP, project teams request the release funding from the executives and begin the project as planned and approved.

During each fiscal year, budget schedule and scope changes to on-going projects are reviewed and approved by the CIC. The CIC may also review new project requests throughout the year to accommodate the ever-changing Airport environment and regulatory requirements.

Capital Program

Program Summary

In thousands

FY 2018 - 2022 Beginning Capital Program Budget	\$ 850,580
Terminal 2 Parking Plaza	127,800
Terminal 2 West FIS Build-out	<u>229,474</u>
<i>Subtotal</i>	<i>1,207,854</i>
FY 2018 - 2022 Project Closeouts/Cancellations	<u>(163,566)</u>
FY 2018 - 2022 Ending Capital Program Balance	\$ 1,004,287
FY 2019 - 2023 New Capital Projects/Allowances/Adjustments	<u>58,594</u>
FY 2019 - 2023 Capital Program Budget	<u>\$ 1,103,241</u>

Sources of Funds by Fiscal Year

(in thousands)

Capital Program	Pre-FY 2019	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	Total
Airport Revenue Bonds	\$ 308,456	\$ 148,874	\$ 137,213	\$ 31,753	\$ 14,535	\$ -	\$ 640,831
Airport Funds	88,403	48,841	18,605	14,781	27,054	1,010	198,694
Passenger Facility Charges	1,359	44,192	9,009	125	725	12,125	67,535
Federal Grants	14,088	8,149	3,729	10,950	12,863	36,375	86,153
Customer Facility Charges*	11,468	1,911	570	-	-	-	13,949
Special Facility Bonds	8,011	-	-	-	-	-	8,011
Variable Rate Debt	3,989	43,238	30,761	10,080	-	-	88,069
Total Sources of Funds	\$ 435,773	\$ 295,205	\$ 199,887	\$ 67,689	\$ 55,176	\$ 49,510	\$ 1,103,241

*Includes proceeds from CFC backed Special Facility Bonds and pay-as-you-go usage

Uses of Funds by Fiscal Year

(in thousands)

Capital Program	Pre-FY 2019	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	Total
Landside and Ancillary	\$ 176,986	\$ 45,801	\$ 34,974	\$ 1,156	\$ -	\$ -	\$ 258,917
Airside	34,247	79,216	63,709	34,119	40,061	49,310	300,663
Terminal	216,174	129,888	51,550	17,892	392	-	415,896
Administrative	8,367	40,300	49,654	14,522	14,722	200	127,766
Total Use of Funds	\$ 435,773	\$ 295,205	\$ 199,887	\$ 67,689	\$ 55,176	\$ 49,510	\$ 1,103,241

Funding

Airport Improvement Program

AIP grants are offered to the Airport Authority to provide funding assistance for eligible capital projects that meet the criteria of the federal program.

Title 49 of the United States Code (U.S.C.) authorizes the AIP. The objective of this federal program is to assist in the development of a nationwide system of public use airports, to ensure the safe and secure operation of the airport and airway system and to meet the projected needs of the public. The program not only provides funding for development projects, but also Airport Planning and Noise Compatibility Programs. The program is funded by aviation use fees, which are collected and deposited into the Airport and Airway Trust Fund in support of the AIP. The U.S. Congress authorizes expenditures from this dedicated fund on an annual basis each year. The AIP includes entitlement and discretionary funding. Entitlement funds are awarded to eligible sponsors through a formula based on the number of passenger boarding and cargo tonnage at each airport. Discretionary funds are set aside to provide the FAA the flexibility to fund various high priority programs. The AIP typically provides funding up to 75% of eligible project costs.

Once awarded, AIP grants must typically be expended within four years. However, the Airport Authority expends funds for eligible capital projects and is then reimbursed with grant proceeds. Projected expenditures to be reimbursed by AIP grants are \$8.1M in FY 2019 and \$3.7M in FY 2020.

Passenger Facility Charge

PFCs were initially authorized through the Aviation Safety and Capacity Expansion Act of 1990. The Act allowed public agencies that manage commercial airports, to charge each enplaning passenger a facility charge in accordance with FAA requirements. The passenger facility charge is levied on the passenger tickets, collected by the airline, and forwarded to the airport (less a handling fee charged by the airlines). The revenues collected are to preserve or enhance safety, security, capacity, to reduce noise, or to enhance competition. The primary difference between AIP and PFCs is that the PFCs are a fee charged directly to the passenger, is administratively retained by the airport and is considered local funds versus airport funds.

SAN began collecting a PFC of \$3.00 per enplaned passenger on October 1, 1995. Approved amendments to and applications for the Airport's PFC program occurred on December 16, 1997, and on June 5, 2001. The FAA approved the third passenger facility application on May 20, 2003 that established Airport Authority to collect \$4.50 per eligible enplaned passenger effective August 1, 2003. Subsequent applications have maintained collections at the \$4.50 level. The FAA approved an eighth application in November 2010 for a total collection Airport Authority of approximately \$1.1B in support of the Terminal Development Program. A ninth application for \$31.3M was approved in July 2012, and sub-sequentially amended to \$27.8M. The majority of this application provided funding for the QHP as well as the completed Rehabilitate Taxiway "C" project. A tenth PFC application was approved by the FAA in October 2016. This application provides \$43.8M to fund various airfield projects, passenger boarding bridges, as well the local match for future QHP phases. An eleventh PFC application will be submitted in FY 2019 to provide funding for the Terminal 2 West FIS project.

Customer Facility Charge (CFCs)

California state law authorizes an airport to collect fees for financing, designing and constructing consolidated car rental facilities, constructing and operating a common-use transportation system and terminal modifications to accommodate and provide customer access. Implementation of CFCs at SAN was approved by the Board in FY 2009. Board authorization for the use of CFCs for initial planning efforts was given in FY 2010. As allowed per

Funding

State legislation, the CFC collection methodology changed in January 2012 from a charge of \$10.00 per rental car transaction to \$6.00 per rental day. Starting January 2014, the rate increased from \$6.00 to \$7.50 per rental day. The rate subsequently increased to \$9.00 per rental day starting in January 2018. CFCs will support the debt service for the consolidated car rental facility and operating costs of the busing fleet.

Airside CIP Projects

Current Airside CIP Projects							
Project Number	Project	Description	Budget	Funding Source	Start	End	Annual Operating Impact
104129	Clear OFA - Taxiway B	This project will clear objects from the Taxiway B OFA for unrestricted taxi by Group V aircraft. A new secured access gate, vehicle service road and perimeter fence will be constructed. A new Airport electric vault, backup generator and miscellaneous FAA facilities will be constructed.	\$10,599	Bonds / Other	Q3/2014	Q2/2019	None
104149	SDIA Airport Development Plan	This project will define the future plan for SDIA through the year 2035. The near-term phase will focus on the replacement of Terminal 1 and the Commuter Terminal. The future uses of the TDY property will also be defined, as well as the ultimate build-out of all Airport property north of the runway. It will include associated environmental analyses and documentation from both the California Environmental Quality Act (CEQA) and the National Environmental Policy Act (NEPA) and preparation of an FAA approved Airport Layout Plan (ALP) package.	4,500	PFC / Cash / Other	Q3/2011	Q2/2020	None
104219	Rehabilitate Runway 9-27 Pavement	This project provides for rehabilitation of the airfield asphalt pavement on Runway 9-27, including milling and replacing the top 3 inches of the approximately 9,400 feet x 125 feet pavement surface; removal and replacement of failed sub-grade; adjustment of electrical runway lights and appurtenances; striping, marking and related work.	19,800	AIP / PFC / Cash	Q1/2016	Q3/2019	None
104220	Rehabilitate Cross Taxiways B1E, B4-B7, C3, C4 & C6	This project will replace the existing pavement on Cross Taxiways B1E, B4-B7, C3, C4 and C6.	17,800	AIP / Bonds	Q1/2016	Q1/2020	None
104227	Rehabilitate Northside Vehicle Service Road	The project will remove and replace sub-base / asphalt, to support heavy fuel trucks and ARFF vehicles; replace a single lane with dual lane east of ILS glideslope antenna and relocate road further north; construct proper drainage to eliminate flooding; cap pavement adjacent to Taxiway J and FBO.	\$12,200	Bonds	Q3/2016	Q4/2019	None

Airside CIP Projects

Project Number	Project	Description	Budget	Funding Source	Start	End	Annual Operating Impact
104245D	Fueling Operator	This project will design and construct the facility to be utilized by the Airport Fueling Operator.	\$5,560	Cash	Q3/2018	Q2/2020	None
104249	Fuel Rack Relocation & Hydrant Fueling FIS Gates	Relocate 6 truck fueling stations to two new locations: one near T2 West and one near Liberator Way. Extend hydrant fueling lines to new FIS Gates 47 – 51 and provide gate hydrant fueling.	51,433	Cash / Other	Q3/2018	Q2/2021	None
104250	FAR Part 150 Study Update	Update Noise Exposure Maps (NEMs) using FAA software & develop Noise Compatibility Program (NCP) report. Provides detailed existing & 5-year future airport/aircraft noise exposure patterns.	1,800	AIP / Cash	Q2/2019	Q4/2019	None
104251	Northside RON Parking	Replace eight (8) Group-3 Aircraft Remain Overnight concrete parking positions that will be lost during construction of the northside cargo development project.	34,000	Cash	Q1/2019	Q4/2019	None
104253	Upgrade Noise Monitoring Software	Upgrade the 10-year old existing airport noise and operations monitoring software. Includes one year of warranty.	500	Cash	Q2/2018	Q1/2019	None
400002A	ADP - Programmatic Docs (Airside)	The project will prepare programmatic documents for the Airport Development Program in order to define criteria and standards for project design and construction and support the RFQ for design teams and contractors.	1,394	Bonds	Q1/2017	Q4/2019	None
104129B	Relocate Taxiway B	This project relocates the existing parallel Taxiway B, from its current position of 362.5 feet south of Runway 9-27 centerline, to a position 400 feet south of the runway centerline. This position will place the parallel taxiway at the Federal Aviation Administration's required safety distance.	32,600	AIP / PFC	Q1/2021	Q4/2023	None
New FY16	Develop Mitigation Plan for Least Terns	Project prepares a mitigation plan to secure and prepare a site with a suitable nesting habitat for Least Terns.	\$1,000	Cash	Q1/2021	Q4/2022	None

Airside CIP Projects

Project Number	Project	Description	Budget	Funding Source	Start	End	Annual Operating Impact
New FY17	Rehabilitate Terminal 2 Apron Pavement	The project will do partial slab replacements of approximately 49,000 square feet and 1.1M square feet of renovation and rehabilitation, to provide safe taxiway and apron areas.	\$16,589	AIP / Cash	Q3/2020	Q4/2022	None
New FY17	Construct Taxiway A	The project will construct a new 2,800' x 200' taxiway parallel to Taxiway B, including lighting, storm drain, electrical, striping and security fencing.	40,823	AIP / Other	Q4/2020	Q4/2022	None
New FY18	Airfield Stormwater Treatment Control BMPs	Design/Install treatment control BMPs to reduce copper & zinc levels in water runoff. Comply with State Industrial General Permit & San Diego County MS4 Permit to prevent pollution of San Diego bay & avoid fines for non-compliance.	5,853	Cash	Q2/2018	Q4/2020	None
New FY18	Rehabilitate Cross Taxiways C1, C2, C5 & D	Rehabilitate cross taxiways per 2015 Pavement Management Study. Mill and overlay nominal 5-6" full depth asphalt replacement on taxiways C1, C2, C5 & D. Reconstruct a portion of taxiway C1 with concrete pavement.	12,498	AIP / Cash	Q1/2020	Q2/2022	None
New FY18	Airside Electric Vehicle Supply Equipment	Install approximately 75 Electrical Vehicle Supply Equipment (EVSE) ports at T2 gates. Replace approximately 25 outdated EVSE ports at T2 gates. Potential funding from SDG&E or VW Settlement.	4,718	Cash	Q3/2019	Q4/2020	None
New FY18	Triturator and Vehicle Wash Facility	Relocate and organize airline support facilities on the South side. Includes triturator for airline waste and a vehicle wash facility.	7,694	Cash	Q2/2019	Q2/2021	None
Subtotal - Current Airside CIP Projects			\$281,362				

Airside CIP Projects

New Airside CIP Projects							
Project Number	Project	Description	Budget	Funding Source	Start	End	Annual Operating Impact
New FY19	Upgrade/Replace EMAS	Upgrade or replace the existing EMAS (Engineered Material Arresting System) with the latest generation system. This would provide a design life of 20 years and maintain regulatory compliance.	\$19,300	AIP / Cash	Q3/2022	Q4/2023	None
Subtotal - New Airside CIP Projects			19,300				
Total Airside CIP Projects			\$300,662				

Landside CIP Projects

Current Landside CIP Projects							
Project Number	Project	Description	Budget	Funding Source	Start	End	Annual Operating Impact
104118	Interior North Side Road and Utilities	This project provides the necessary utility infrastructure to support the implementation of the North Side Development plan including sewer, water, natural gas, electrical, telecommunications and storm drains.	\$17,815	Bonds / Cash	Q2/2010	Q1/2019	\$10,000
104134	Terminal Link Road	This project provides a two-way dedicated perimeter road that connects the Airport terminals to the RCC.	16,597	CFC / Bonds / Cash	Q4/2011	Q2/2019	47,500
104168C	SDIA Wayfinding Signage/Directories – RCC	Project provides wayfinding directions for customers accessing the Rental Car Center facility.	1,100	CFC	Q2/2014	Q1/2019	None
104190	Construct Taxi Hold Lot	This project relocates the taxi hold lot from the Harbor Island location to the former TDY location to reduce taxi transit time to terminal and improve patron serviceability.	5,154	Cash	Q3/2014	Q4/2018	\$20,300
104205	Widen Sassafras Street Intersection	Project will increase the width of Sassafras Street between Pacific Hwy and Kettner Boulevard up to the railroad crossing in order to mitigate traffic impacts due to RCC opening, increased FBO tenants and future cargo use.	6,000	Cash	Q1/2016	Q2/2022	None
104212	Observation Area at Palm Street	Project will develop an observation area at the former Landmark location to enable the community to observe aircraft.	3,350	Bonds / Cash	Q2/2016	Q2/2019	None
104224	Terminal 2 Loop Pavement Seal Coat	The project will seal coat 128,000 square feet of pavement and apply new markings on the Terminal 2 Loop Pavement to extend life of pavement.	750	Cash	Q1/2017	Q4/2019	None
104226	Replace Sidewalk T2W Existing to Green Build	The project will replace approximately 25,400 square feet of concrete sidewalk, curb and base, in order to repair existing cracking, spalling and faulting.	\$2,000	Cash	Q1/2017	Q2/2019	None

Landside CIP Projects

Project Number	Project	Description	Budget	Funding Source	Start	End	Annual Operating Impact
104228	Admiral Boland Way Entry/Exit Gates	The project will install gates at the north and south ends of Admiral Boland Way to deter pedestrian traffic and increase security along the restricted access area.	\$2,152	CFC / Cash	Q1/2017	Q4/2019	None
104230	Ground Transportation Systems-Phase 3 (Virtual Hold Lot)	Project will implement the "virtual hold lot" concept to efficiently locate and identify Airport-permitted commercial vehicles off-Airport premises. This will include hardware / software to ensure minimal response time.	1,100	Cash	Q2/2017	Q4/2021	\$60,000
104231	Northside Cargo Development	This project will provide project management oversight for a cargo building tenant improvement on the North Side.	1,551	Cash	Q2/2017	Q4/2020	None
104232	Install RCC Car Wash Blowers	This project will install car wash blower systems in twelve car wash bays in order to reduce the amount of water carried out into the facility by washed vehicles. Project costs will include reimbursement for Hertz/Dollar/Thrifty's installation of car wash blowers on the first floor of the RCC.	1,396	CFC	Q2/2017	Q1/2019	None
104233	Acquire RCC Buses	The project will provide 8-10 LNG buses for the RCC shuttle to meet customer demand.	7,600	CFC	Q2/2017	Q2/2019	\$265,000
104245E	RCC Bus Parking, Gate P-18 Relocation	This project will design and construct the required modifications to both the Rental Car Center (RCC) Bus Parking Facility and to AOA Gate P-18.	1,290	CFC / Cash	Q3/2019	Q3/2020	None
104245F	Northside Utilities	Provide new common site infrastructure - utilities, roads, exterior lighting, AOA gate and AOA fencing for northside improvements including the proposed FMD campus and Airport Fueling Operations Facility. Utilities include water, sewer, storm drainage, gas, electric and communications.	9,010	Bonds / Cash	Q4/2019	Q3/2020	Minimal
104248	Admiral Boland Way Intersection Improvements	Reconfigure ABW intersection to enhance traffic operations by revising signage and striping.	\$320	Cash	Q2/2014	Q2/2019	None

Landside CIP Projects

Project Number	Project	Description	Budget	Funding Source	Start	End	Annual Operating Impact
104252	Northside Utility Infrastructure - Cargo Development	Project will build underground utility infrastructure required for construction of the Northside Cargo Development project.	\$9,000	Cash	Q4/2018	Q2/2020	None
104151	Rental Car Center	Funding for final closeout cost reconciliaton of the completed Rental Car Center.	1,000	CFC	Q1/2017	Q4/2019	None
104187B/C	Parking Plaza - Public Art	Artist services and design, fabrication,and construction for artistic enhancement to integrated into the Terminal 2 Parking Plaza.	1,700	Bonds / Cash	Q/2015	Q2/2019	None
104187	Terminal 2 Parking Plaza	Project will construct 3-level parking plaza to accommodate 3,000 parking stalls with an aesthetically pleasing design, implement smart parking technology, include interior and exterior art opportunities and an infrastructure for installation of Photo Voltaic (PV) panels by a third party vendor.	126,100	Bonds / Cash	Q3/2014	Q4/2018	\$1,400,000
400002C	ADP - PROGRAMMATIC DOCS (LANDSIDE)	The project will prepare programmatic documents for the Airport Development Program in order to define criteria and standards for project design and construction and support the RFQ for design teams and contractors.	2,674	Bonds	Q1/2017	Q4/2019	None
New FY17	Rehabilitate Terminal 2 Loop Pavement	The project will rehabilitate 128,000 square feet with full depth, partial asphalt concrete replacement to provide safe ingress / egress for passengers and service vehicles.	1,137	Cash	Q1/2020	Q3/2021	None
New FY18	Landside Electric Vehicle Supply Equipment	Install up to 65 EVSE ports at T2 Parking Plaza and other parking areas. Will meet increasing demand for electric vehicle charging. Potential funding from SDG&E or VW Settlement.	2,725	Cash	Q3/2019	Q4/2020	None
New FY18	Cell Phone Lot Relocation	Relocate existing Cell Phone Lot to another location on the South side of Airport. This includes striping, cctv cameras, video display, etc.	1,528	Cash	Q2/2019	Q3/2020	None
Total Landside CIP Projects			\$223,050				

Terminal CIP Projects

Current Terminal CIP Projects							
Project Number	Project	Description	Budget	Funding Source	Start	End	Annual Operating Impact
104041	Public Art Allowance	The Public Art Allowance is to provide a source of funds for inclusion of public art in conjunction with the appropriate CIP project.	\$1,239	Cash	Q1/2019	Q4/2023	None
104149	SDIA Airport Development Plan	This project will define the future plan for SDIA through the year 2035. The near-term phase will focus on the replacement of Terminal 1 and the Commuter Terminal. The future uses of the TDY property will also be defined, as well as the ultimate build-out of all Airport property north of the runway. It will include associated environmental analyses and documentation from both the California Environmental Quality Act (CEQA) and the National Environmental Policy Act (NEPA) and preparation of an FAA approved Airport Layout Plan (ALP) package.	4,500	PFC / Cash	Q3/2011	Q2/2020	None
104167	CT Exterior East-Facing Wall - Public Art	This project will fabricate and install a billboard-type metal structural truss / support system on the east-facing wall of the Commuter Terminal, to house a replicated vinyl mural that will be created.	327	Bonds / Cash	Q3/2013	Q1/2019	None
104194	Replace & Refurbish Passenger Boarding Bridges – Phase I	This project provides for refurbishment of passenger boarding bridges at gates 1A, 11, 23, 25, 27, and 36 in Terminals 1 and 2.	2,900	Bonds / Cash	Q2/2015	Q2/2019	None
104194B	Replace & Refurbish Passenger Boarding Bridges	This project provides for a 4-year plan to replace and / or refurbish existing passenger boarding bridges, based on an updated assessment.	22,300	PFC / Bonds /Cash	Q2/2015	Q3/2021	\$30,479
104199	Construct Concessionaire & Janitorial Wash Areas	This project consists of construction of 3 wash areas to assist the janitorial service in housekeeping and maintenance of the Authority's premises, and the tenants in maintaining their premises. These 3 wash areas will be located in Terminal 1 (T1), Terminal 2 East (T2E) and Terminal 2 West (T2W).	\$854	Cash	Q3/2015	Q1/2019	None

Terminal CIP Projects

Project Number	Project	Description	Budget	Funding Source	Start	End	Annual Operating Impact
104204	Replace Terminal Seating in T1 & T2	This project provides for the replacement of approximately 2,266 seats in Terminal 1 and Terminal 2, in order to provide electrical connectivity to passengers, and for ease of replacing worn or damaged seats.	\$5,720	Cash	Q2/2015	Q1/2019	\$25,607
104206	Expand Wi-Fi Coverage in Terminals	Project will provide denser Wi-Fi coverage throughout passenger spaces and ramp area, to increase customer usability and satisfaction.	3,240	Cash	Q1/2016	Q3/2019	None
104210	T2E Improvements	Project will replace ceiling tiles and ticket counter in the ticket lobby; replace gate podia shells, back walls, monitors, lights and charging stations in the main concourse; add new restrooms to the international holdroom.	5,590	Cash	Q1/2016	Q1/2019	None
104213	Terminal Paging System Upgrade	Project will replace aging amplifiers that will integrate with T2W, and integrate configuration of T1 paging system with Green Build Paging zoning configuration.	1,330	Cash	Q2/2016	Q1/2019	None
104223	Replace Existing Generator at CUP	The project will replace the existing emergency power generator to handle the CUP and future Parking Plaza IT equipment, security system and booth lighting. The generator will provide higher capacity for future power needs.	3,500	Cash	Q1/2017	Q1/2020	None
104229	HVAC Modernization	Project will upgrade air handler units and fan coils in T2E and T2W, and modernize the T2W existing pump room.	19,146	Cash / Bonds	Q2/2017	Q3/2020	None
104235	Replace Baggage Screening Equipment	Replace 7 Explosive Detection System (EDS) units in T1E and T2E and supporting equipment. TSA to provide EDS machines and will reimburse a portion of installation & integration of costs. Units will handle increased processing speed to meet future capacity needs.	\$9,572	Cash / Other	Q1/2018	Q4/2020	None

Terminal CIP Projects

Project Number	Project	Description	Budget	Funding Source	Start	End	Annual Operating Impact
104235A	Replace Baggage Screening Equipment - Southwest Airlines	Track Authority oversight costs for Southwest Airlines replacement of baggage screening equipment, BHS optimization, CBIS/CBRA improvements and enclosure, and makeup area expansion.	\$428	Cash	Q2/2018	Q1/2020	None
104237	Airline Relocations at T1W and T2E	Supports airline growth by providing common use processors (CUP) in T1W, build-out new airline offices in existing FIS & airline spaces in T1W & T2E, and add an additional lane at T2E security checkpoint.	25,000	Cash	Q3/2017	Q2/2020	None
104240	T2E Roof Replacement	Project will replace the roof waterproofing / roofing membrane in T2E due to aging of existing roof.	5,167	Cash	Q3/2017	Q1/2020	None
104244	Battery Energy Storage	This project will install up to a 2.5 MW battery energy storage system. It will tie into the 12 kV micro-grid to charge/discharge stored energy and reduce peak electricity demand and associated costs.	698	Cash	Q4/2017	Q1/2020	Savings \$170,000
104247	Terminal 2 Post Security Information Center	Enhances customer service with a new desk at the entrance to Sunset Cove in Terminal 2. Includes information displays for passengers and computer and phone capabilities for staff.	590	Cash	Q2/2018	Q4/2019	None
400002	ADP - Programmatic Docs (Terminal)	The project will prepare programmatic documents for the Airport Development Program in order to define criteria and standards for project design and construction and support the RFQ for design teams and contractors.	14,865	Bonds	Q1/2017	Q4/2019	None
412001	T2W FIS Build-out	Construction of a new, 130,000 square-foot FIS to accommodate increased demand and improve the processing experience for passengers with reduced wait times. Features of the new facility include a second baggage claim and more queuing space in the lower level Customs hall, as well the newest processing technologies introduced by Customs and Border Protection.	\$229,474	PFC / Bonds / Cash	Q3/2017	Q4/2019	\$1,200,000

Terminal CIP Projects

Project Number	Project	Description	Budget	Funding Source	Start	End	Annual Operating Impact
FMDT	FMD Capital Expenditures	This project provides for the necessary ongoing maintenance of various capital improvement projects.	\$23,914	Cash	Q3/2012	Q4/2021	None
New FY17	Rehabilitate Terminal 2 Loop Pavement	The project will rehabilitate 128,000 square feet with full depth, partial asphalt concrete replacement to provide safe ingress / egress for passengers and service vehicles.	1,137	Cash	Q1/2020	Q3/2021	None
Subtotal - Current Terminal CIP Projects			\$381,490				

New Terminal CIP Projects

New FY19	AVSEC Network Redesign	Redesign the network infrastructure for the Aviation & Security network. Replace fiber cabling/network equipment in all terminals and airfield gates. Implement a network architecture that provides redundancy and high availability.	\$13,136	Cash	Q1/2019	Q2/2022	None
New FY19	SDIA Common Use System	Rebid and replace common-use hardware and software to support rapid and flexible passenger processing, including workstations at ticketing and gate counters, gate/boarding equipment, CUSS kiosks, FIDS displays, etc.	14,560	Cash	Q1/2019	Q1/2020	None
New FY19	ZEV - Acquire Electric Buses	Provide four zero emission vehicles (ZEV) to provide transportation between terminals, thereby reducing emissions.	1,710	AIP / Cash	Q3/2019	Q3/2020	\$720,000
104069	Capital Project Allowance (FY2018)	The Capital Project Allowance is a program account to provide a source of funds for the design and construction of unforeseen projects during the course of implementing the Airport Capital Improvement Program.	5,000	Cash	Q1/2019	Q4/2019	None
Subtotal - New Terminal CIP Projects			34,406				
Total Terminal CIP Projects			\$415,896				

Administrative CIP Projects

Current Administrative CIP Projects							
Project Number	Project	Description	Budget	Funding Source	Start	End	Annual Operating Impact
104161A	Enterprise Content Management System	The ECM project will provide the Authority with an integrated document / image, records and e-mail management solution, as well as a workflow solution, if needed.	\$1,475	Cash	Q2/2012	Q1/2019	\$40,000
104183	Develop Administrative Space	This project will accommodate the Authority's existing space needs, with anticipation of the ultimate build-out of spaces, when the Airport Development Plan is implemented.	2,139	Cash	Q4/2014	Q2/2019	None
104207	Update IT Master Plan	Project will update the existing IT Master Plan produced in 2008, including data, security, software and hardware applications.	368	Cash	Q1/2016	Q1/2019	None
104209	Facilities Condition Assessment	Project will provide a 20-year strategic planning of the long- and short-range costs associated with facilities maintenance and / or replacements.	800	Cash	Q1/2016	Q2/2019	None
104234	Identity Management System	Procure a system that integrates access control, fingerprinting & computer-based training into a single interface.	931	Cash	Q2/2017	Q2/2019	None
104245	Airport Support Facilities D-B Contract	Project will facilitate procurement of the Design-Build team for the five Airport Support Facilities components, as well as miscellaneous programmatic design costs.	4,000	Cash	Q1/2018	Q3/2020	None
104245A	Airport Support Facilities Contract Management	Project will account for the costs associated with the administration of the overall Airport Support Facilities Design-Build contract.	7,240	Cash	Q2/2018	Q4/2020	None
104245B	Facilities Maintenance Department Facility	New Facilities Management Department campus with administrative spaces, maintenance shops and warehouse relocated to the north side. Includes parking for employees, fleet vehicles and equipment, as well as an underground storage tank for storm water capture and reuse.	\$48,070	Cash	Q2/2018	Q4/2020	None

Administrative CIP Projects

Current Administrative CIP Projects							
Project Number	Project	Description	Budget	Funding Source	Start	End	Annual Operating Impact
104246	Stormwater/Condensate Reuse	Collect, treat and reuse stormwater for irrigation, cooling tower, Terminal gray water and RCC vehicle washes. Project will address current and future regulatory requirements.	\$50,197	Cash	Q1/2018	Q4/2021	\$2,000,000
414001	ADP - Programmatic Docs (Administrative)	The project will prepare programmatic documents for the Airport Development Program in order to define criteria and standards for project design and construction and support the RFQ for design teams and contractors.	1,430	Bonds	Q4/2018	Q4/2019	None
FMDA	FMD Capital Expenditures	This project provides for the necessary ongoing maintenance of various capital improvement projects.	271	Cash	Q3/2012	Q4/2021	None
New FY18	Solid Waste Disposal and Recycling Facility	Provides containment for airport solid waste operations to ensure regulatory compliance for both stormwater and industrial waste permits.	10,444	Cash	Q2/2019	Q1/2021	None
New FY17	Facilities Condition Assessment	Project will provide a 20-year strategic planning of the long- and short-range costs associated with facilities maintenance and / or replacements. Conducted every 5 years.	400	Cash	Q1/2022	Q4/2022	None
Total Administrative CIP Projects			\$127,766				

Ancillary CIP Projects

Current Ancillary CIP Projects							
Project Number	Project	Description	Budget	Funding Source	Start	End	Annual Operating Impact
104196	Exhibition Display Equipment - Public Art	Project provides for the purchase of equipment to become part of the Public Art Program's permanent cache of installation / display resources and provide flexibility for future art exhibits.	\$50	Cash	Q2/2015	TBD	None
104197	Admiral Boland Way Murals - Public Art	Project provides opportunity for artistic design and enhancement to be integrated on the Wind Tunnel south-facing wall.	125	Cash	Q2/2015	TBD	None
104203	Palm Street Park - Public Art	Project will provide artist services and design, fabrication and construction for an artistic enhancement to be integrated into the Palm Street Observation Park (Design only).	182	Cash	Q4/2015	Q2/2019	None
104245C	Airline Support Facility	New airline provisioning and cargo facilities located on South side with both public & airfield access to facilities.	35,510	Cash	Q2/2018	Q4/2020	None
Total Ancillary CIP Projects			\$35,867				
Total FY 2019 CIP Budget			\$1,103,241				

PERFORMANCE INDICATORS



20
16

RENTAL CAR CENTER

SAN'S NEW RENTAL CAR CENTER OPENS ON THE AIRPORT'S NORTH SIDE. THE FACILITY ENHANCES CUSTOMER SERVICE BY CONSOLIDATING MOST RENTAL CAR COMPANIES SERVING THE AIRPORT UNDER ONE ROOF.

Performance Indicators

The following performance indicators are a selection of the various operational and financial metrics that the Airport Authority monitors during the course of the year.

Operating Ratio

This is a measure of operating efficiency that compares operating expense to operating revenue. Operating revenue must exceed operating expenses to provide a financial cushion and cover debt service expenses.

Fiscal Years ended June 30, 2011 to 2020

Fiscal Year	Operating Expenses (\$) ⁽¹⁾	Operating Revenue (\$) ⁽¹⁾	Operating Ratio	% Change
2011	117,841	144,007	0.82	-6.7%
2012	119,169	153,550	0.78	-5.2%
2013	126,796	177,498	0.71	-8.0%
2014	136,821	195,737	0.70	-2.1%
2015	140,250	210,505	0.67	-4.7%
2016	153,655	233,994	0.66	-1.4%
2017	163,726	248,847	0.66	0.2%
2018*	174,406	254,963	0.68	4.0%
2019*	179,996	286,882	0.63	-8.3%
2020*	185,376	298,775	0.62	-1.1%

⁽¹⁾ In thousands

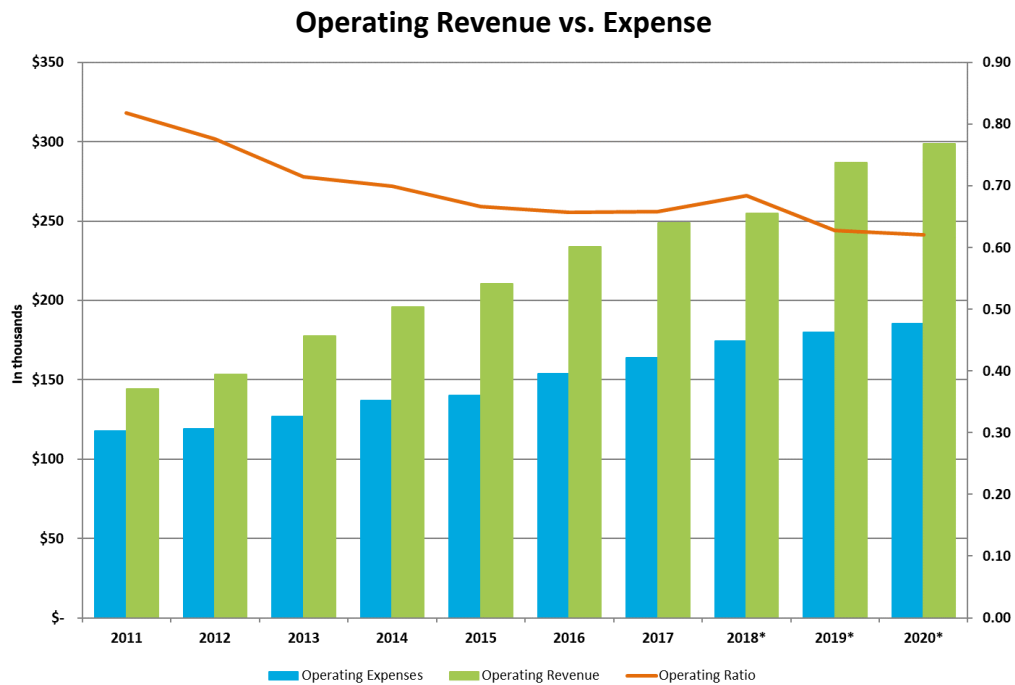


Figure 42 – Operating Ratio

* Budgeted FY 2018, FY 2019, & FY 2020

Source: San Diego County Regional Airport Authority

Performance Indicators

Operating Revenue per Enplanement

This is a measure of operating revenues per enplaned passenger.

Fiscal Years ended June 30, 2011 to 2020

Fiscal Year	Operating Revenue (\$) ⁽¹⁾	Enplaned Passengers ⁽¹⁾	Operating Revenue per Enplanement (\$)	% Change
2011	144,007	8,441	17.06	7.9%
2012	153,550	8,575	17.91	5.0%
2013	177,498	8,738	20.31	13.5%
2014	195,737	9,082	21.55	6.1%
2015	210,505	9,664	21.78	1.1%
2016	233,994	9,828	23.81	9.3%
2017	248,847	10,596	23.48	-1.4%
2018*	254,963	11,547	22.08	-6.0%
2019*	286,882	11,801	24.31	10.1%
2020*	298,775	12,037	24.82	2.1%

⁽¹⁾ In thousands

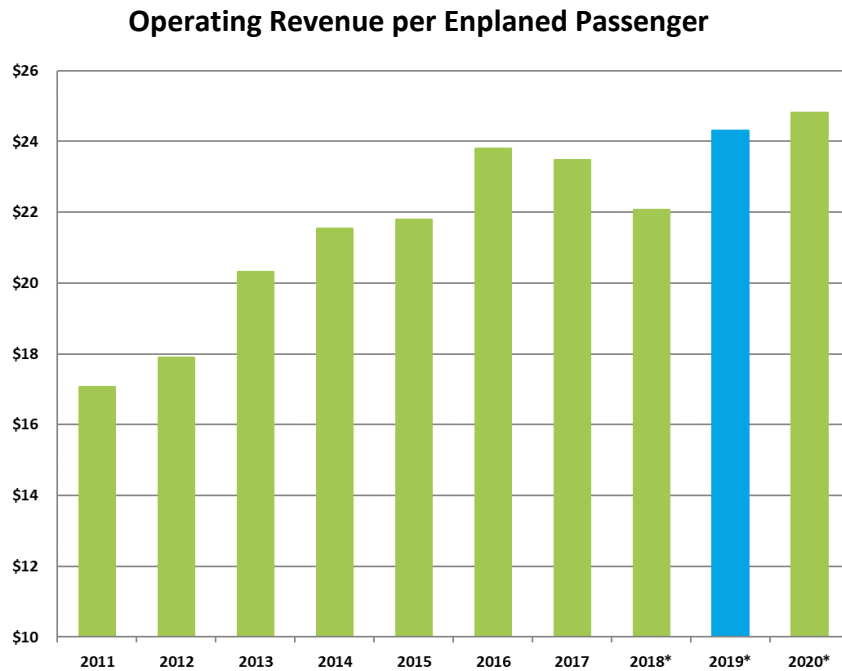


Figure 43 – Operating Revenue per Enplaned Passenger

* Budgeted FY 2018, FY 2019, & FY 2020

Source: San Diego County Regional Airport Authority

Performance Indicators

Non-Airline Revenue per Enplanement

This is a measure of non-airline derived operating revenues per enplaned passenger. This includes terminal concessions, parking, and rental car and ground rental revenues divided by enplanement.

Fiscal Years ended June 30, 2011 to 2020

Fiscal Year	Non-Airline Revenue (\$) ⁽¹⁾	Enplaned Passengers ⁽¹⁾	Non-Airline Revenue per Enplanement (\$)	% Change
2011	79,044	8,441	9.36	6.5%
2012	81,120	8,575	9.46	1.0%
2013	87,858	8,738	10.06	6.3%
2014	97,861	9,082	10.77	7.2%
2015	108,174	9,713	11.14	3.4%
2016	121,789	9,828	12.39	11.3%
2017	132,465	10,596	12.50	0.9%
2018*	130,711	11,547	11.32	-9.5%
2019*	148,703	11,801	12.60	11.3%
2020*	148,312	12,037	12.32	-2.2%

⁽¹⁾ In thousands

Non-Airline Revenue per Enplaned Passenger

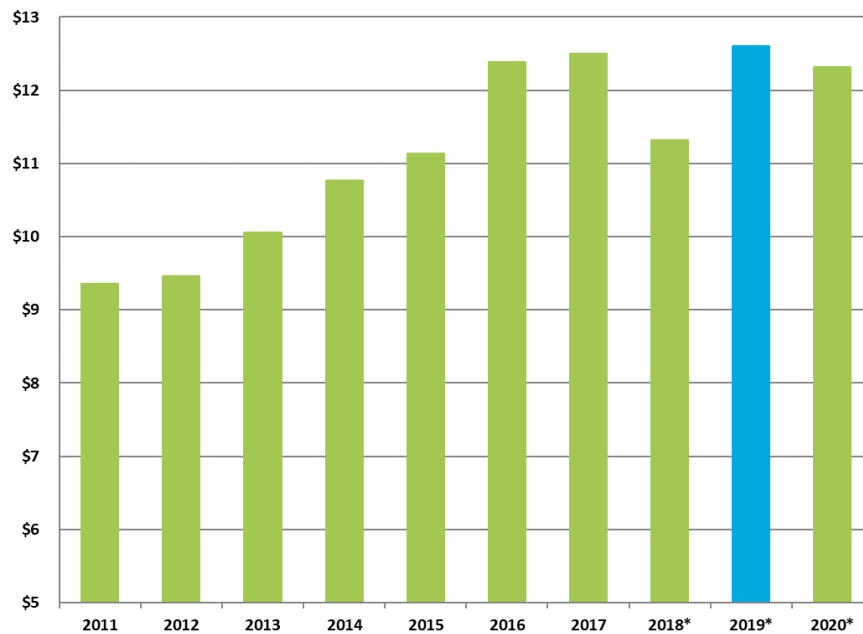


Figure 44 – Non-Airline Revenue per Enplaned Passenger

* Budgeted FY 2018, FY 2019, & FY 2020

Source: San Diego County Regional Airport Authority

Performance Indicators

Enplaned Passengers per FTEs

This divides the Full Time Equivalent (FTE) employees by enplaned passengers and measures the Airport’s staffing productivity level.

Fiscal Years ended June 30, 2011 to 2020

Fiscal Year	Enplaned Passengers per Employee	FTEs	Enplaned Passengers ⁽¹⁾
2011	22	380	8,441
2012	24	356	8,575
2013	23	388	8,738
2014	24	376	9,082
2015	23	415	9,713
2016	24	425	10,206
2017	26	408	10,596
2018*	26	437	11,547
2019*	27	442	11,801
2020*	27	447	12,037

⁽¹⁾ In thousands

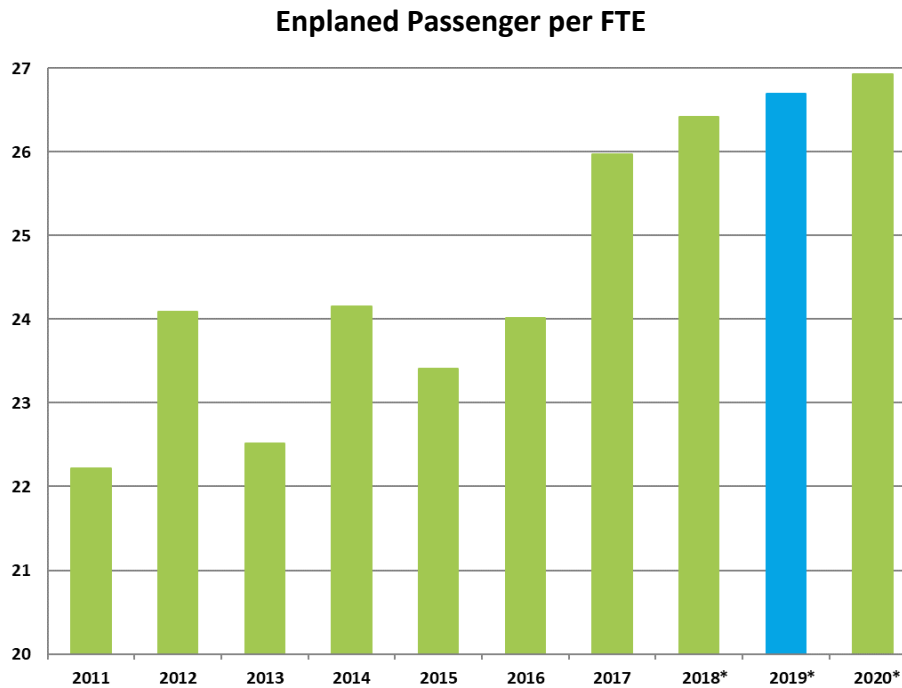


Figure 45 – Enplaned Passenger per FTE

* Budgeted FY 2018, FY 2019, & FY 2020

Source: San Diego County Regional Airport Authority

Performance Indicators

Operating Expenses per Enplanement

This divides operating expenses by enplanement and measures the Airport Authority's relative operating efficiency.

Fiscal Years ended June 30, 2011 to 2020

Fiscal Year	Operating Expenses \$ ⁽¹⁾	Enplaned Passengers ⁽¹⁾	Operating Expenses per Enplanement \$	% Change
2011	117,841	8,441	13.96	0.6%
2012	119,169	8,575	13.90	-0.5%
2013	126,796	8,738	14.51	4.4%
2014	136,821	9,082	15.06	3.8%
2015	140,250	9,713	14.44	-4.2%
2016	153,655	9,828	15.63	8.3%
2017	163,726	10,596	15.45	-1.2%
2018*	174,406	11,547	15.10	-2.2%
2019*	179,996	11,801	15.25	1.0%
2020*	185,376	12,037	15.40	1.0%

⁽¹⁾ In thousands

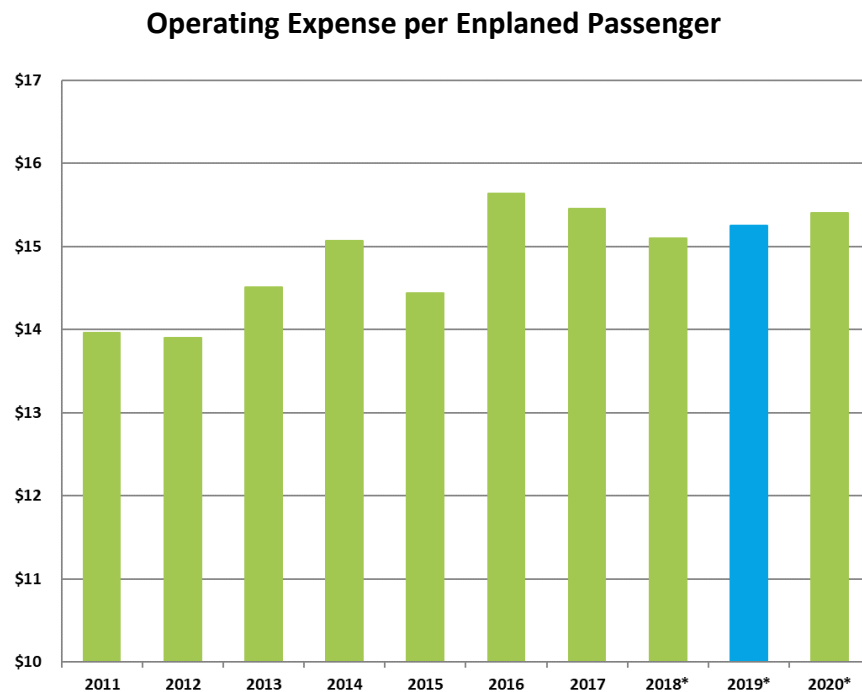


Figure 46 – Operating Expense per Enplaned Passenger

* Budgeted FY 2018, FY 2019, & FY 2020

Source: San Diego County Regional Airport Authority

Performance Indicators

Airline Cost per Enplaned Passenger

Airline cost per enplaned passenger (CPE) is the total annual cost of fees and charges paid by the airlines divided by the total fiscal year enplanements.

Fiscal Years ended June 30, 2011 to 2020

Fiscal Year	Enplaned Passengers ⁽¹⁾	Cost per Enplaned Passenger \$
2011	8,441	\$7.54
2012	8,575	\$8.33
2013	8,738	\$10.16
2014	9,082	\$10.54
2015	9,713	\$10.26
2016	10,206	\$10.71
2017	10,596	\$10.71
2018*	11,547	\$10.61
2019**	11,801	\$11.57
2020**	12,037	\$12.34

⁽¹⁾ In thousands

Airline Cost per Enplaned Passenger

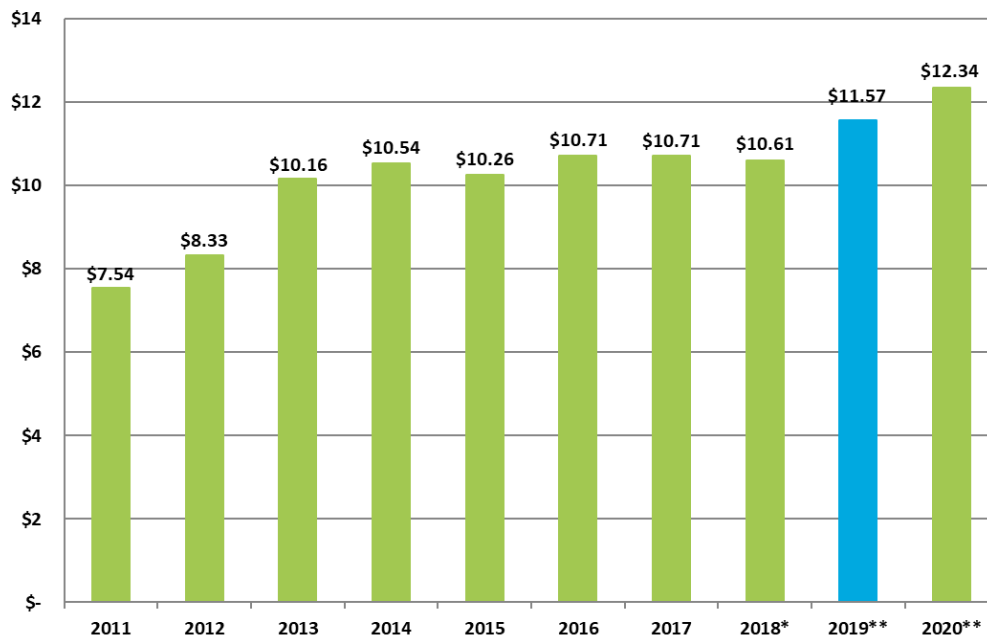


Figure 47 – Airline Cost per Enplaned Passenger

* Projected FY 2018

** Budgeted FY 2019 & FY2020

Source: San Diego County Regional Airport Authority

Performance Indicators

Days Cash on Hand

Recognizing the inherently volatile nature of the aviation industry, the Airport Authority will maintain prudent unrestricted reserves as a backstop to be able to fund its obligations if unforeseen events occur. The Airport Authority's unrestricted reserves target (defined as the sum of unrestricted cash and investments, unrestricted cash designated for capital projects, unrestricted long-term investments, the O&M Reserve, the O&M Subaccount Reserve and the Renewal and Replacement Reserve) shall be at least 500 days of budgeted operating and maintenance expenses for the current fiscal year.

Days Cash on Hand Compared to Board-Approved Target

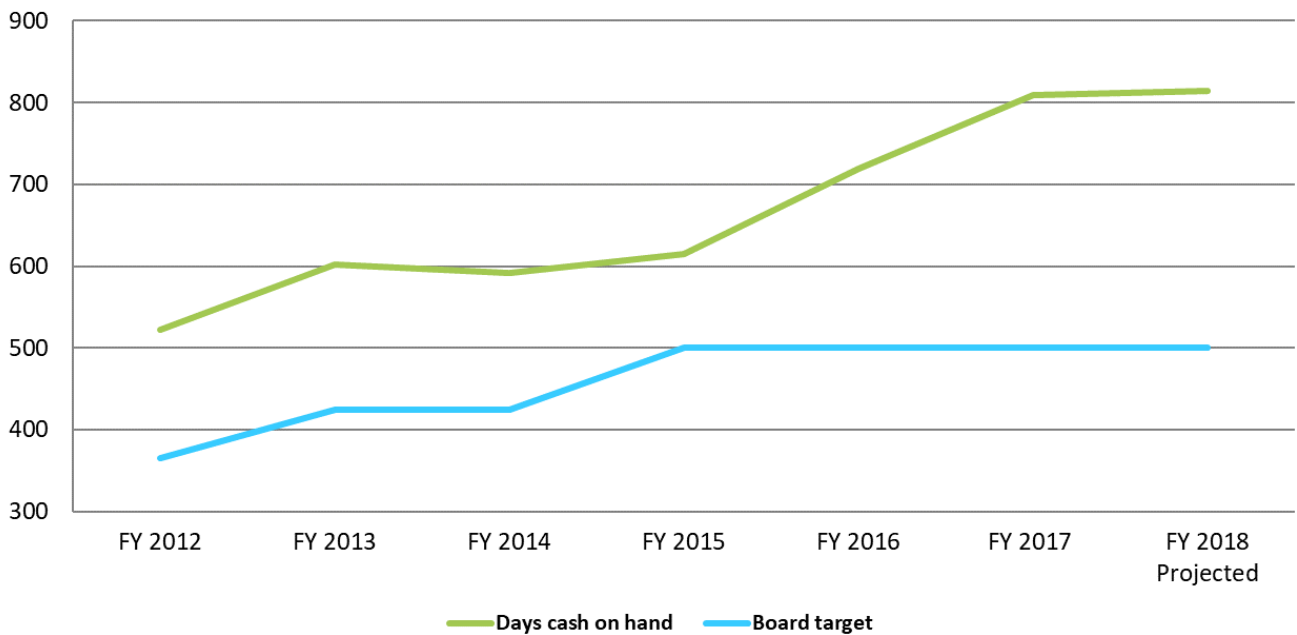


Figure 48 – Days Cash on Hand

Performance Indicators

Airline Cost per Enplaned Passenger by Airport

Airline cost per enplaned passenger is the total annual cost of fees and charges paid by the airlines divided by the total enplanements. This graph shows how SAN compares to other large airports.

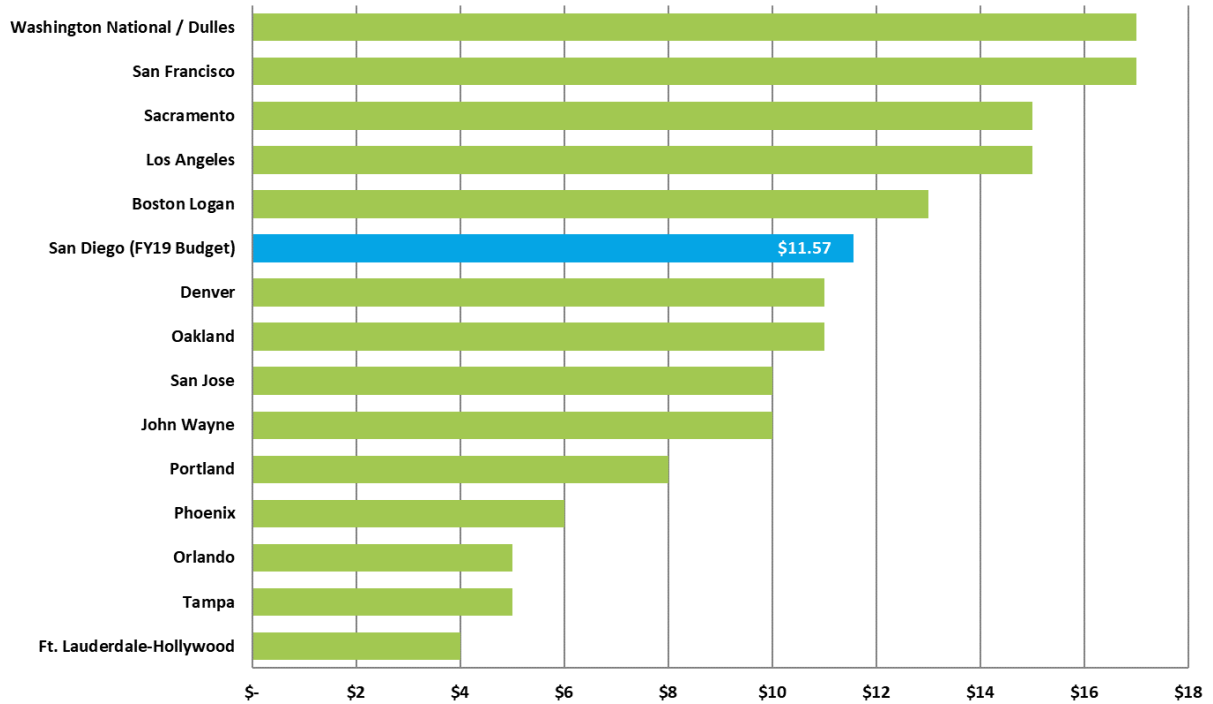


Figure 49 – Airline Cost per Enplaned Passenger by Airport

Source: Moody's Investor Service, MFRA Database, as of April 2018

Performance Indicators

The Airport Authority places a high priority on the passenger experience as evidenced by our Strategic Plan goal to exceed our customers’ expectations by introducing innovative service and facility enhancements. One measure of success is sustaining or improving satisfaction with San Diego International Airport as measured by the Airports Council International Airport Service Quality (ASQ) Survey.

Since opening the Green Build, the Airport Authority has been able to sustain Customer Satisfaction above 4.0 on a 5 point scale. Last year was no exception with a score of 4.10 overall satisfaction. Our Five-Year Strategic Plan goal is to sustain current Terminal 2 level ratings (4.0+) in customer satisfaction on the ACI-NA ASQ for priority items (currently defined as comfort of waiting/gate areas, internet access/Wi-Fi, restaurant/eating facilities).

This sustained overall customer satisfaction score is despite aging Terminal 1 infrastructure and ongoing construction placing downward pressure on satisfaction. When comparing the two terminals, Terminal 1’s scores are significantly lower in overall satisfaction and key attributes associated with the infrastructure constraints. These include comfort of the waiting/gate area, ambiance of the airport, business/executive lounges, cleanliness of the airport terminal and shopping facilities.

Overall Passenger Satisfaction

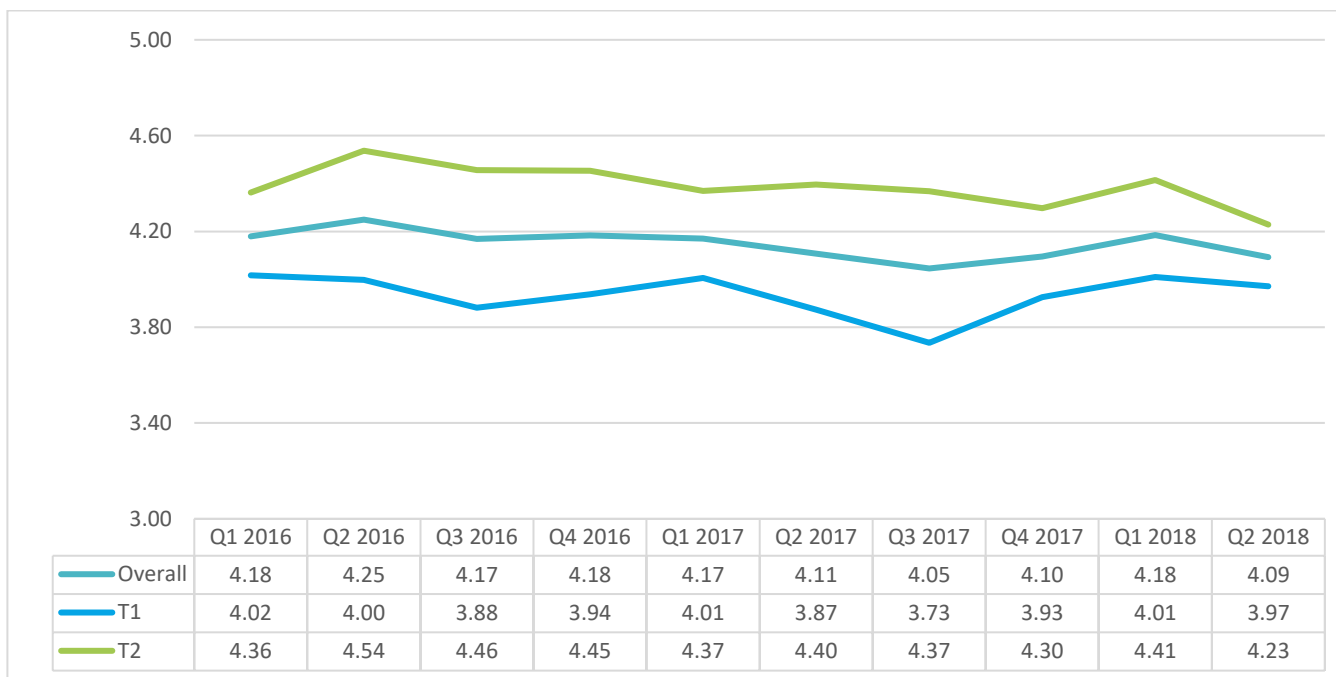


Figure 50 – Overall Passenger Satisfaction Rating

Performance Indicators

Over the past year, staff has also made enhancements to improve airport internet access/Wi-Fi throughout the airport. These changes resulted in an improvement in overall customer satisfaction ratings for this attribute from 3.29 in 2016 to 3.66 in 2017.

The Airport Authority received an overall customer satisfaction rating of 4.14 in the first two quarters (January – June) of 2018. We continue to monitor the scores and develop marketing, wayfinding and infrastructure interventions in response to the changing terminal and ground transportation environment to support an enhanced customer experience. The impact of the new Terminal 2 Parking Plaza and Federal Inspection Station in quarter 2 and quarter 3 respectively will be reflected in future quarters customer satisfaction scores.

Internet Access/Wi-Fi Satisfaction

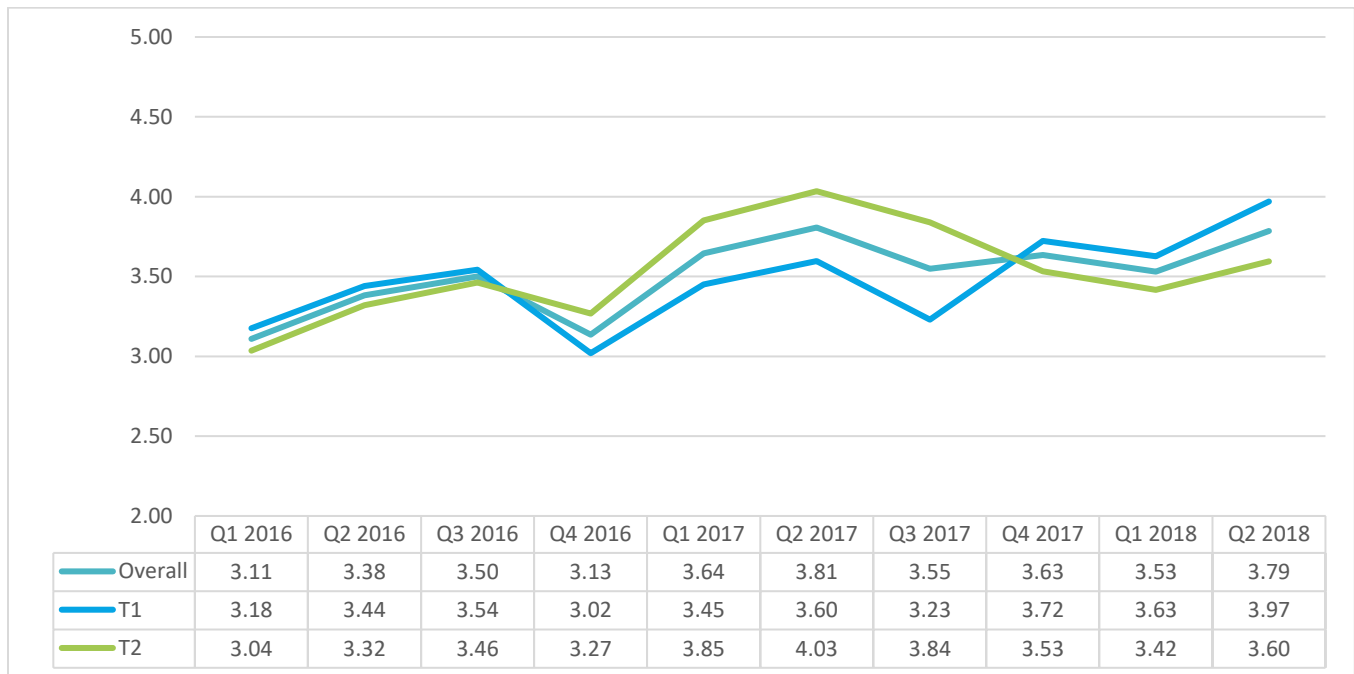


Figure 51 – Internet Access/Wi-Fi Satisfaction Rating

Performance Indicators

Restaurant/Eating Facilities Satisfaction

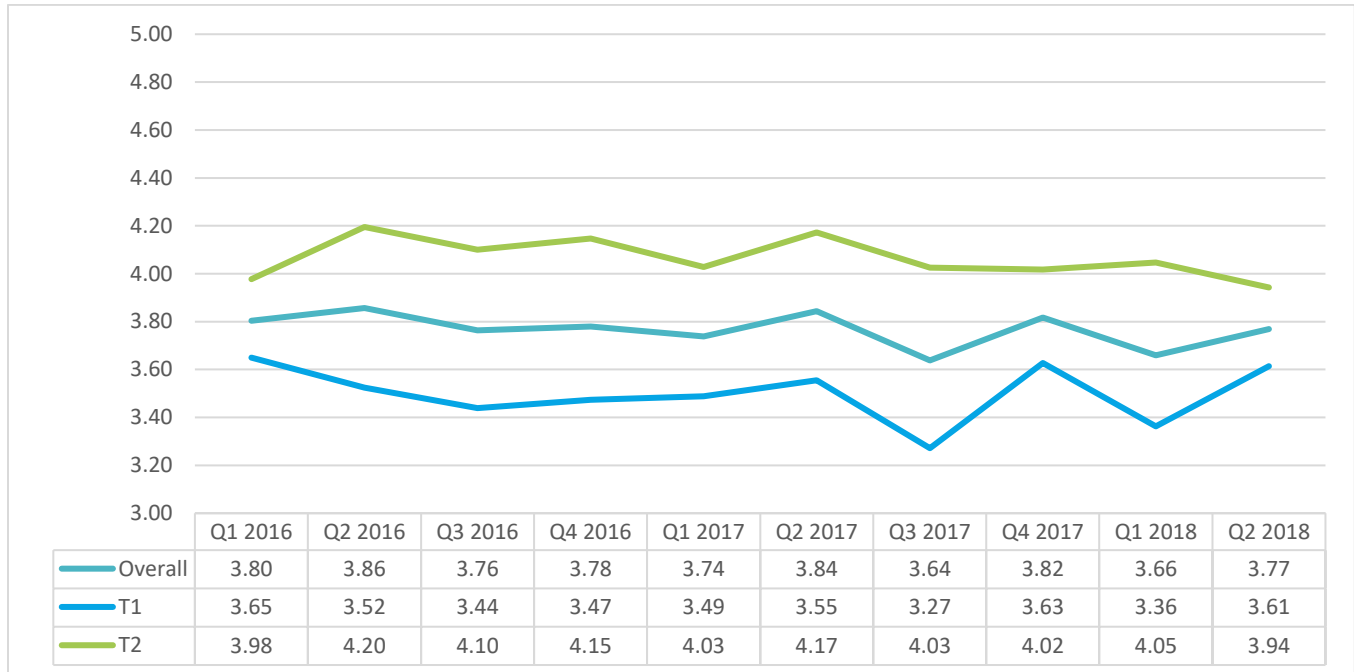


Figure 52 – Restaurant/Eating Satisfaction Rating

Comfort of Gate/Wait Areas Satisfaction

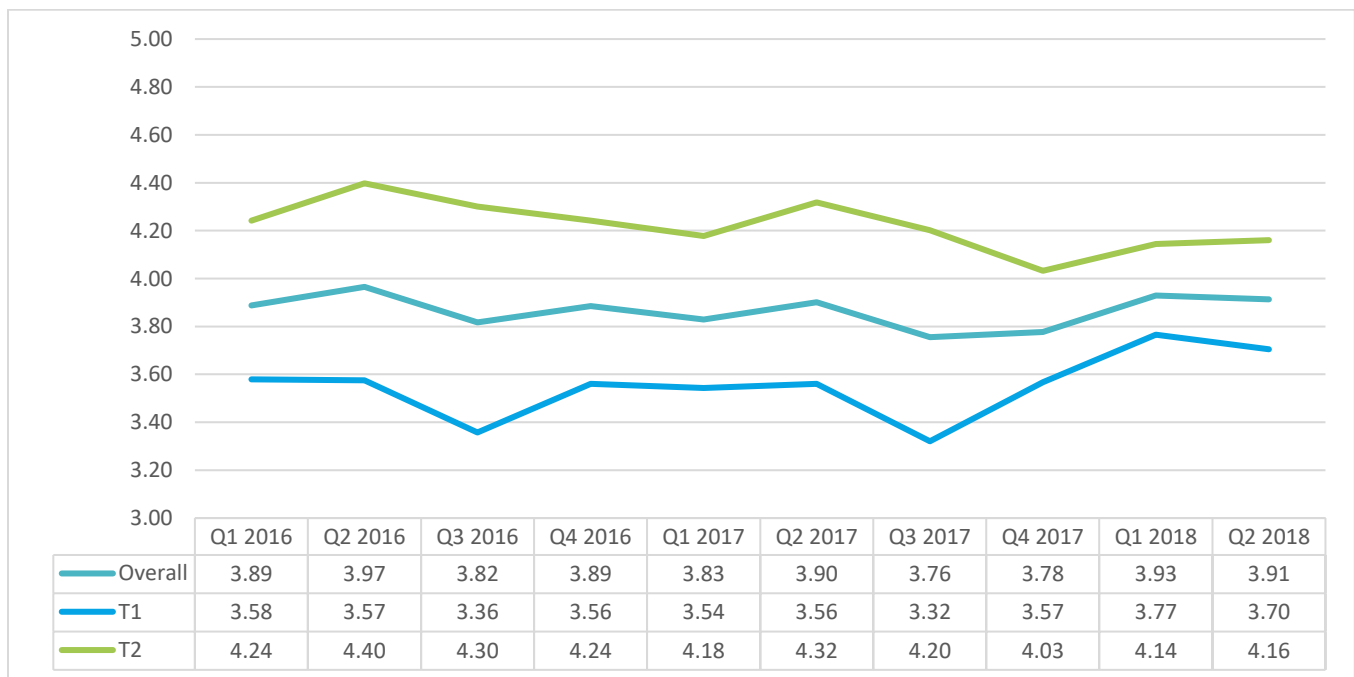


Figure 53 – Comfort of Gate/Wait Areas Satisfaction Rating

This page intentionally left blank.

SUPPLEMENTAL DATA



20
18

TERMINAL 2 PARKING PLAZA

TERMINAL 2 PARKING PLAZA OFFICIALLY OPENS. THIS CUTTING-EDGE, THREE-STORY PARKING FACILITY OFFERS 2,900 PARKING STALLS JUST STEPS FROM TERMINAL 2—A NET INCREASE OF NEARLY 1,700 SPACES OF CLOSE-IN PARKING COMPARED TO THE PREVIOUS SURFACE PARKING LOT.

Supplemental Data

Annual Enplaned Passengers

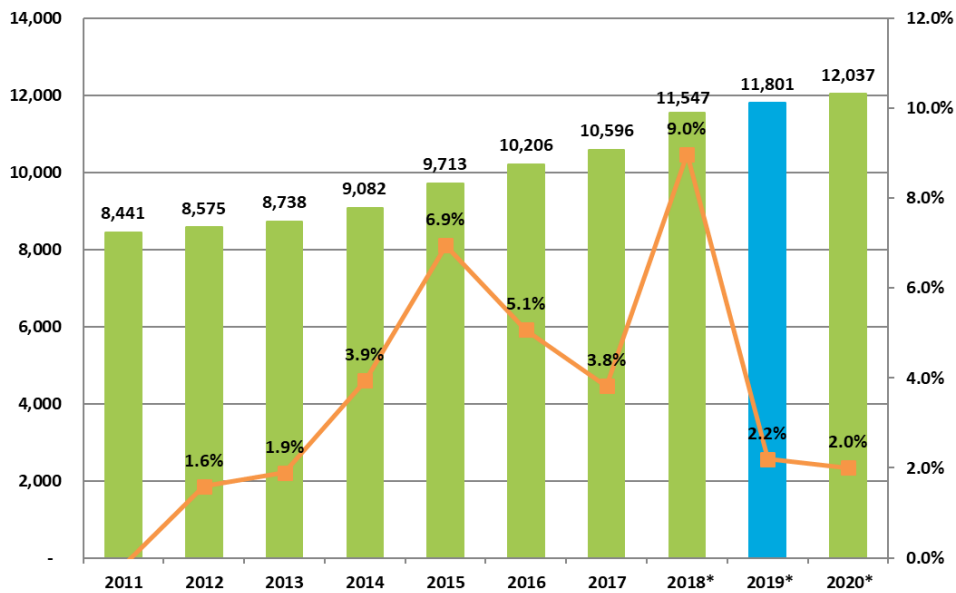
In FY 2019, enplaned passenger traffic at SAN is projected to reach 10.71M, which represents an increase of 0.9% from the 10.61M enplanements used in the FY 2018 Budget and a 2.5% increase over the 10.45M enplanements projected for FY 2018. Enplaned passengers are projected to increase by 1.7% to 10.89M in the FY 2020 Conceptual Budget.

Fiscal Years ended June 30, 2011 to 2020

Fiscal Year	Enplaned Passengers ⁽¹⁾	% Change
2011	8,441	-0.2%
2012	8,575	1.6%
2013	8,738	1.9%
2014	9,082	3.9%
2015	9,713	6.9%
2016	10,206	5.1%
2017	10,596	3.8%
2018*	11,547	9.0%
2019*	11,801	2.2%
2020*	12,037	2.0%

⁽¹⁾ In thousands

Annual Enplaned Passengers



* Budgeted FY 2018, FY 2019, & FY 2020

Source: San Diego County Regional Airport Authority

Figure 54 – Annual Enplaned Passengers

Supplemental Data

Airline Market Share FY 2011 – FY 2017

The more diverse an airport's airline market share, the less susceptible it is to the effects of an airline's financial position or changing service levels. Seven carriers accounted for approximately 87% of the enplaned passengers.

Air Carrier	Enplanements (in thousands)							Market Share						
	2011	2012	2013	2014	2015	2016	2017	2011	2012	2013	2014	2015	2016	2017
Southwest Airlines	3,278	3,252	3,253	3,353	3,737	3,840	3,967	38.8%	37.9%	37.2%	36.9%	38.5%	37.6%	37.4%
American Airlines*	659	664	651	694	747	1,369	1,339	7.8%	7.7%	7.4%	7.6%	7.7%	13.4%	12.6%
United Airlines	878	1,266	1,176	1,168	1,114	1,166	1,266	10.4%	14.8%	13.5%	12.9%	11.5%	11.4%	11.9%
Delta Airlines	919	936	905	916	992	1,062	1,089	10.9%	10.9%	10.4%	10.1%	10.2%	10.4%	10.3%
Alaska Airlines	514	579	674	830	872	903	919	6.1%	6.8%	7.7%	9.1%	9.0%	8.8%	8.7%
Spirit	-	78	164	201	252	327	287	-	0.9%	1.9%	2.2%	2.6%	3.2%	2.7%
JetBlue Airlines	142	147	153	173	179	183	225	1.7%	1.7%	1.7%	1.9%	1.8%	1.8%	2.1%
Virgin America	133	166	168	157	176	211	212	1.6%	1.9%	1.9%	1.7%	1.8%	2.1%	2.0%
Frontier Airlines	219	199	184	185	151	119	180	2.6%	2.3%	2.1%	2.0%	1.6%	1.2%	1.7%
Hawaiian Airlines	99	86	94	99	97	102	108	1.2%	1.0%	1.1%	1.1%	1.0%	1.0%	1.0%
Air Canada	59	56	45	37	41	49	93	0.7%	0.7%	0.5%	0.4%	0.4%	0.5%	0.9%
British Airways	7	81	82	85	84	90	90	0.1%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%
Japan Airlines	-	-	18	54	59	60	60	-	-	0.2%	0.6%	0.6%	0.6%	0.6%
Allegiant	18	18	15	8	7	17	49	0.2%	0.2%	0.2%	0.1%	0.1%	0.2%	0.5%
WestJet	19	26	28	32	34	35	41	0.2%	0.3%	0.3%	0.4%	0.3%	0.3%	0.4%
Sun Country Airlines	24	16	24	27	29	35	40	0.3%	0.2%	0.3%	0.3%	0.3%	0.3%	0.4%
Volaris	-	46	31	23	20	21	4	-	0.5%	0.4%	0.3%	0.2%	0.2%	0.0%
Condor	-	-	-	-	-	-	4	-	-	-	-	-	-	0.0%
Edelweiss	-	-	-	-	-	-	1	-	-	-	-	-	-	0.0%
AirTran Airways	18	-	-	-	-	-	-	0.2%	-	-	-	-	-	-
Continental Airlines	496	-	-	-	-	-	-	5.9%	-	-	-	-	-	-
US Airways*	523	536	561	554	523	-	-	6.2%	6.2%	6.4%	6.1%	5.4%	-	-
Total Air Carrier	7,998	8,153	8,225	8,596	9,114	9,588	9,976	94.9%	95.1%	94.1%	94.6%	93.8%	93.9%	94.1%
Regional														
Skywest Airlines	272	263	352	341	372	302	372	3.2%	3.1%	4.0%	3.8%	3.8%	3.0%	3.5%
Compass	-	-	-	9	140	250	195	-	-	-	0.1%	1.4%	2.4%	1.8%
Horizon	-	6	77	84	84	65	54	-	0.1%	0.9%	0.9%	0.9%	0.6%	0.5%
American Eagle (Envoy)	155	141	82	51	-	-	-	1.8%	1.6%	0.9%	0.6%	-	-	0.0%
Mesa Airlines	7	13	0	-	-	-	-	0.1%	0.1%	0.0%	-	-	-	0.0%
Seaport Airlines	-	-	0	1	3	2	-	-	-	0.0%	0.0%	0.0%	0.0%	-
Total Regional	434	422	512	486	599	618	621	4.3%	4.1%	5.0%	4.8%	5.9%	6.1%	5.9%
Total Passengers	8,441	8,575	8,738	9,082	9,713	10,206	10,596	100%	100%	100%	100%	100%	100%	100%

* On December 9, 2013, AMR Corporation (American Airlines) merged with US Airways Group, forming American Airlines Group. A single operating certificate was issued by the FAA and operational integration was on April 7, 2015. The enplanements are shown separately for the purpose of this table.

** United and Continental completed their merger on October 1, 2011 and began operating as United on November 30, 2011. Data for United and Continental have been combined in this table.

Figure 55 – Airline Market Share

Supplemental Data

Aircraft Landed Weight

Landed weight refers to the maximum gross certificated landed weight in one thousand pound units, as stated in the airline flight operations manual. Landed weight is used to calculate landing fees for both airline and general aviation aircraft operated at the Airport. In FY 2019, landed weight is estimated to increase by 1.0% over FY 2018 year end projections.

Fiscal Years ended June 30, 2011 to 2020

Fiscal Year	In million lbs.	% Change
2011	10,606	-2.6%
2012	10,820	2.0%
2013	11,016	1.8%
2014	11,187	1.6%
2015	11,524	3.0%
2016	12,048	4.6%
2017	12,616	4.7%
2018*	13,772	9.2%
2019*	14,020	1.8%
2020*	14,300	2.0%

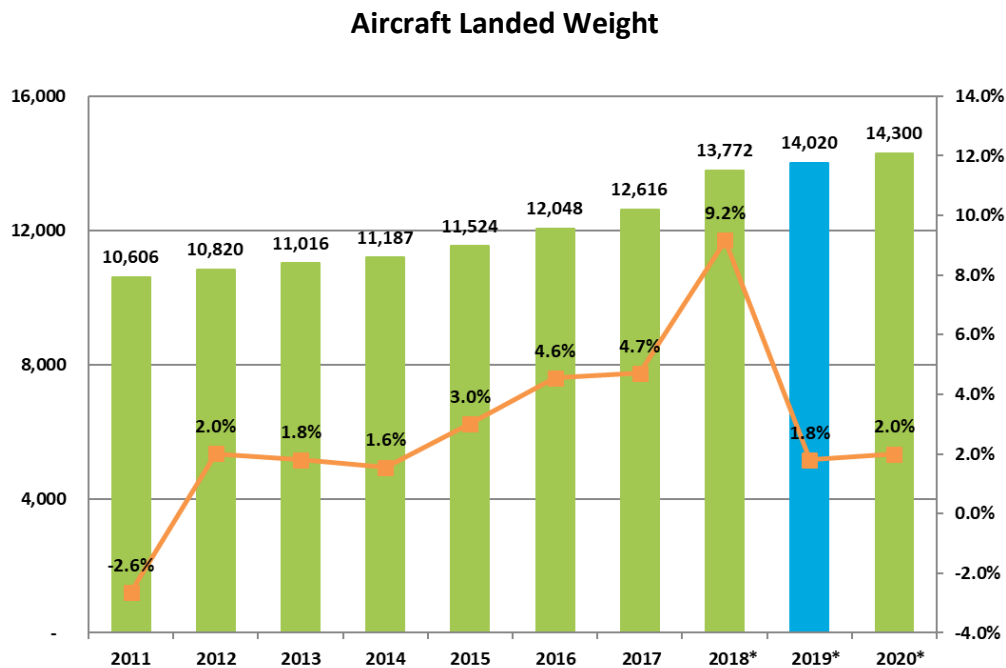


Figure 56 – Aircraft Landed Weight

* Budgeted FY 2018, FY 2019, & FY 2020
Source: San Diego County Regional Airport Authority

Supplemental Data

Airline Landed Weight FY 2011 – FY 2017

Landed weight is the maximum gross certificated landed weight in one thousand pound units as stated in the airlines' flight operational manual. Landed weight is used to calculate landing fees for both airline and general aviation aircraft operated at SAN.

Airline	Landed Weight (in thousands)							Market Share						
	2011	2012	2013	2014	2015	2016	2017	2011	2012	2013	2014	2015	2016	2017
1 Southwest Airlines	4,001,530	3,953,536	3,907,554	3,925,362	4,214,314	4,257,162	4,470,104	37.7%	36.5%	35.5%	35.1%	36.6%	35.3%	35.4%
2 American Airlines *	1,275,498	1,344,140	1,339,751	1,349,554	1,359,911	1,467,922	1,428,538	12.0%	12.4%	12.2%	12.1%	11.8%	12.2%	11.3%
3 United Airlines **	1,583,372	1,502,203	1,387,854	1,340,736	1,227,974	1,250,500	1,355,185	14.9%	13.9%	12.6%	12.0%	10.7%	10.4%	10.7%
4 Delta Airlines	1,062,254	1,047,068	1,023,608	1,016,878	1,077,103	1,153,074	1,175,285	10.0%	9.7%	9.3%	9.1%	9.3%	9.6%	9.3%
5 Alaska Airlines	595,238	648,359	750,000	884,727	888,065	924,310	999,875	5.6%	6.0%	6.8%	7.9%	7.7%	7.7%	7.9%
6 Federal Express	421,239	452,453	451,797	419,127	384,686	444,038	390,716	4.0%	4.2%	4.1%	3.7%	3.3%	3.7%	3.1%
7 Skywest Airlines	338,812	306,789	428,595	396,054	408,608	359,197	465,023	3.2%	2.8%	3.9%	3.5%	3.5%	3.0%	3.7%
8 Spirit Airlines	-	98,931	208,200	245,669	296,925	351,977	286,162	0.0%	0.9%	1.9%	2.2%	2.6%	2.9%	2.3%
9 Compass Airlines	-	-	-	10,979	172,754	307,793	296,581	0.0%	0.0%	0.0%	0.1%	1.5%	2.6%	2.4%
10 Virgin America	173,686	208,253	235,934	232,136	240,781	281,411	278,741	1.6%	1.9%	2.1%	2.1%	2.1%	2.3%	2.2%
11 JetBlue Airlines	167,369	166,232	168,080	189,979	193,848	199,232	244,364	1.6%	1.5%	1.5%	1.7%	1.7%	1.7%	1.9%
12 British Airways	13,800	167,440	163,760	166,980	166,980	183,760	217,360	0.1%	1.5%	1.5%	1.5%	1.4%	1.5%	1.7%
13 Hawaiian Airlines	134,080	118,088	140,637	147,325	146,284	147,406	147,568	1.3%	1.1%	1.3%	1.3%	1.3%	1.2%	1.2%
14 Japan Airlines	-	-	47,125	138,700	138,700	139,080	139,626	0.0%	0.0%	0.4%	1.2%	1.2%	1.2%	1.1%
15 United Parcel	120,158	120,454	118,180	121,742	127,660	135,318	146,778	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%	1.2%
Subtotal	9,887,036	10,133,945	10,371,076	10,585,948	11,044,593	11,602,178	12,041,905	93.2%	93.7%	94.1%	94.6%	95.8%	96.3%	95.4%
All Others	719,124	685,956	644,639	600,817	479,127	445,964	574,163	6.8%	6.3%	5.9%	5.4%	4.2%	3.7%	4.6%
Total	10,606,160	10,819,902	11,015,716	11,186,766	11,523,720	12,048,142	12,616,068	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Annual % Change	-2.6%	2.0%	1.8%	1.6%	3.0%	4.6%	4.7%							

Figure 57 – Top 15 Airlines Ranked by Landed Weight

* On December 9, 2013, AMR Corporation (American Airlines) merged with US Airways Group, forming American Airlines Group. A single operating certificate was issued by the FAA and operational integration was on April 7, 2015. The enplanements are combined for the purpose of this table.

** United and Continental completed their merger on October 1, 2011 and began operating as United on November 30, 2011. Data for United and Continental have been combined in this table.

Source: San Diego County Regional Airport Authority

Supplemental Data

Landing Fees

Landing fees are revenues from passenger and cargo aircraft for commercial landings at the Airport. Beginning in FY 2009, aircraft parking was excluded from landing fees and charged separately.

Fiscal Years ended June 30, 2011 to 2020

Fiscal Year	Landing Fees \$ (per 1,000 lbs)	% Change
2011	1.78	3.7%
2012	1.75	-1.6%
2013	1.83	4.7%
2014	1.74	-5.0%
2015	1.88	7.9%
2016	2.00	6.5%
2017	1.97	-1.4%
2018*	1.82	-7.8%
2019**	1.98	9.2%
2020**	2.12	7.1%

Landing Fees (per 1,000 lbs.)

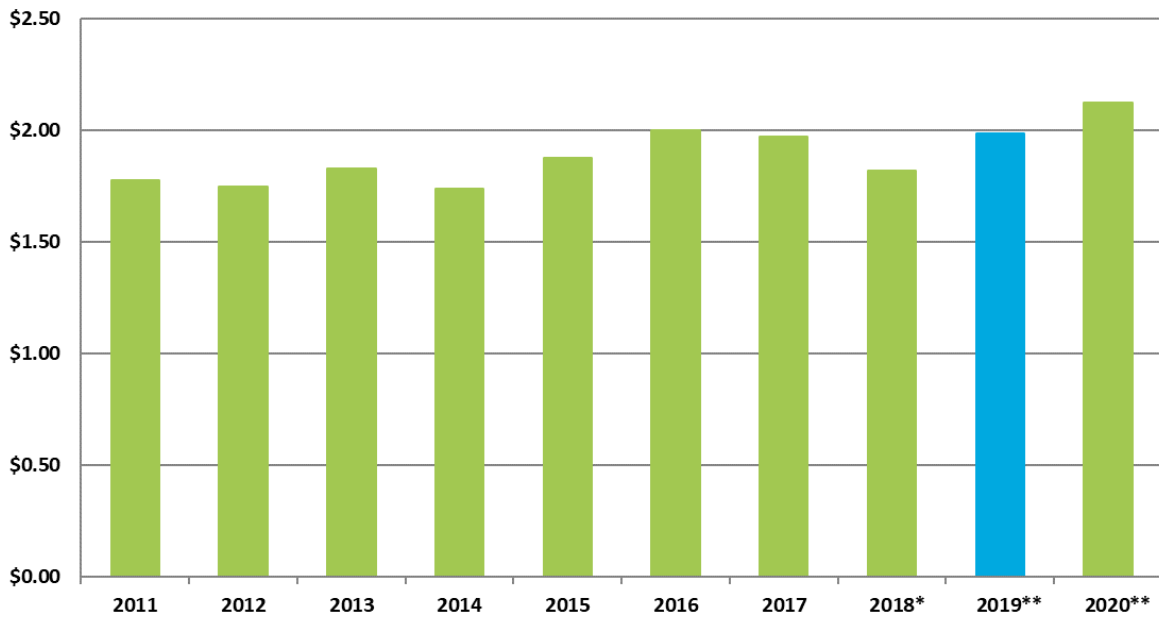


Figure 58 – Landing Fees

* Projected FY 2018

** Budgeted FY 2019 & FY2020

Source: San Diego County Regional Airport Authority

Supplemental Data

Terminal Rates Billed to Airlines

Terminal rates are rates billed to airlines for the rent of terminal space per square foot. Beginning in FY 2005, the Security Surcharge was excluded from Terminal Rates and charged separately.

Fiscal Years ended June 30, 2011 to 2020

Fiscal Year	Terminal Rates Per Sq. Ft. \$ ⁽¹⁾	% Change
2011	73.09	22.8%
2012	83.31	14.0%
2013	117.00	40.4%
2014	109.61	-6.3%
2015	113.01	3.1%
2016	126.21	11.7%
2017	133.96	6.1%
2018*	149.14	11.3%
2019**	159.94	7.2%
2020**	174.65	9.2%

⁽¹⁾ Net of janitorial credit

Terminal Rate per square foot

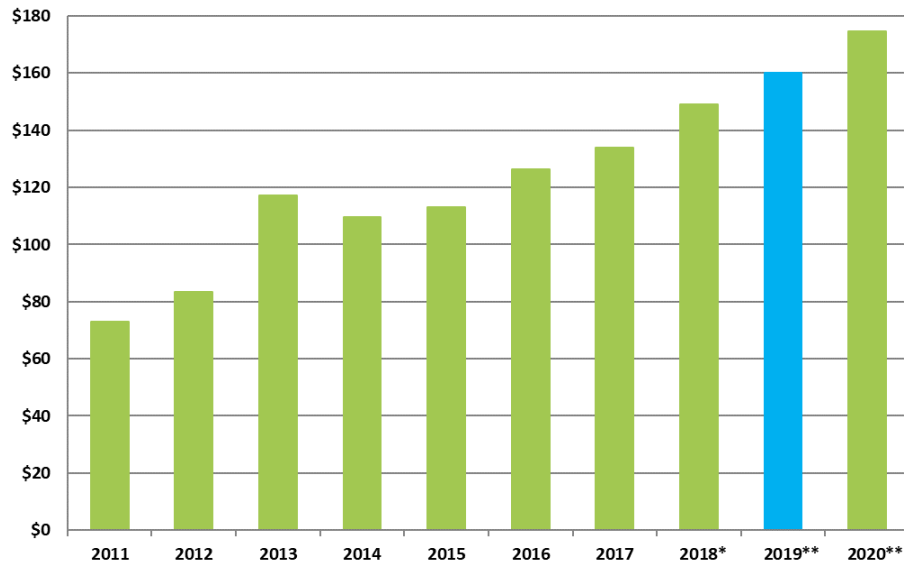


Figure 59 – Terminal Rates

* Projected FY 2018

** Budgeted FY 2019 & FY2020

Source: San Diego County Regional Airport Authority

Supplemental Data

Aircraft Operations (Takeoffs and Landings)

Aircraft operations are the takeoffs and landings at SAN. They represent the level of demand for air service by the airlines operating at SAN.

Fiscal Year	Air Carriers	Air Taxi	Total	General Aviation	Military	Total
2011	146,215	28,273	174,488	10,938	755	186,181
2012	149,104	26,398	175,502	12,120	658	188,280
2013	154,781	23,370	178,151	9,586	567	188,304
2014	155,310	22,953	178,263	8,930	597	187,790
2015	160,726	24,336	185,062	9,534	669	195,265
2016	169,365	13,741	183,106	9,439	906	193,451
2017	178,579	11,899	190,478	9,719	814	201,011

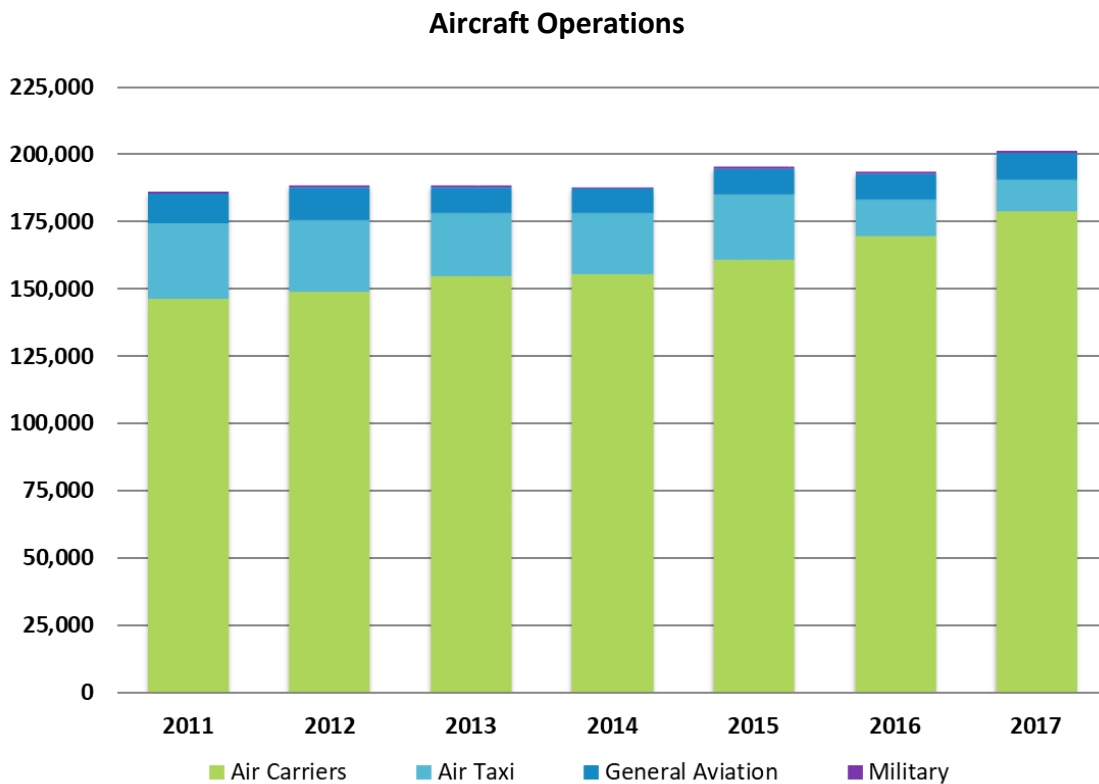


Figure 60 – Aircraft Operations

Source: San Diego County Regional Airport Authority

Supplemental Data

Historical Revenue by Source

(in thousands)

Revenue by Major Sources	FY 2011 Actuals	FY 2012 Actuals	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Actuals	FY 2016 Actuals	FY 2017 Actuals	FY 2018 Budget	FY 2019 Budget	FY 2020 Conceptual Budget
Airline Revenue	64,963	72,430	89,640	97,876	102,331	112,205	116,381	124,253	138,180	150,463
Parking and Ground Transportation	34,249	34,649	39,239	43,030	45,958	52,546	54,355	52,763	66,714	64,620
Passenger Facility Charges	33,998	34,639	35,437	35,770	38,517	40,258	42,200	42,304	46,627	47,560
Customer Facility Charges ⁽¹⁾	10,986	11,487	19,117	27,545	32,465	33,208	36,528	40,009	40,204	41,017
Rental Car License Fees and License Fees - Other	21,687	23,943	24,401	24,901	26,210	27,816	30,162	30,082	30,651	30,997
QHP & CIP Grants	40,767	31,847	29,319	16,298	22,839	19,050	3,318	22,692	20,130	15,710
Terminal Concessions	12,812	13,306	14,151	18,799	21,962	24,018	26,146	25,702	27,935	28,713
Ground Rentals	7,787	7,136	8,190	8,445	11,568	15,194	18,497	19,805	19,982	20,766
Interest Income	6,408	5,492	4,140	5,211	5,747	5,999	8,134	8,783	14,006	20,931
BAB Interest Rebate	3,691	4,996	4,779	4,636	4,631	4,656	4,651	4,656	4,631	4,631
Non-Airline Revenue - Other ⁽²⁾	2,516	(785)	(2,355)	3,146	3,850	4,840	(13,581)	2,358	3,420	3,215
Total Revenue	\$ 239,865	\$ 239,139	\$ 266,058	\$ 285,656	\$ 316,077	\$ 339,790	\$ 326,790	\$ 373,407	\$ 412,482	\$ 428,624

Figure 61 – Historical Revenue by Source

⁽¹⁾ The Customer Facility Charges revenue started in FY 2009 after the Airport Authority received approval from the State of California to impose a charge on rental cars at SAN.

⁽²⁾ Other Operating Revenue includes finger printing fees, utilities reimbursements, service charges, equipment rental and miscellaneous revenues.

Supplemental Data

Airport Authority's Largest Sources of Revenues

(in thousands)

Tenant	2011	2012	2013	2014	2015	2016	2017	% of Total Operating Revenue
Southwest Airlines	21,306	23,357	27,599	29,549	33,107	33,839	35,961	14.5%
American Airlines*	11,511	12,586	15,173	15,785	15,888	15,322	17,075	6.9%
United Airlines	9,281	10,932	15,818	15,364	15,687	14,518	16,227	6.5%
Delta Airlines	8,004	8,912	10,899	12,005	13,561	14,418	16,123	6.5%
Alaska Airlines	3,482	4,266	6,167	8,008	9,713	10,612	11,705	4.7%
Enterprise Rent-A-Car	4,431	7,290	6,935	7,162	7,998	9,451	11,188	4.5%
Hertz Rent-A-Car	5,635	5,796	5,962	6,150	6,236	8,225	11,143	4.5%
Avis Budget Rent-A-Car Group	3,843	4,507	4,697	4,822	5,132	5,541	6,175	2.5%
Landmark Aviation	-	-	-	2,027	5,043	5,537	5,676	2.3%
SSP America	-	-	-	-	-	4,477	5,004	2.0%

Figure 62 – Airport Authority's Largest Sources of Revenues

* On December 9, 2013, AMR Corporation (American Airlines) merged with US Airways Group, forming American Airlines Group. A single operating certificate was issued by the FAA and operational integration was on April 7, 2015. The enplanements are shown separately for the purpose of this table.

Source: San Diego County Regional Airport Authority

Supplemental Data

Economic and Operational Trends

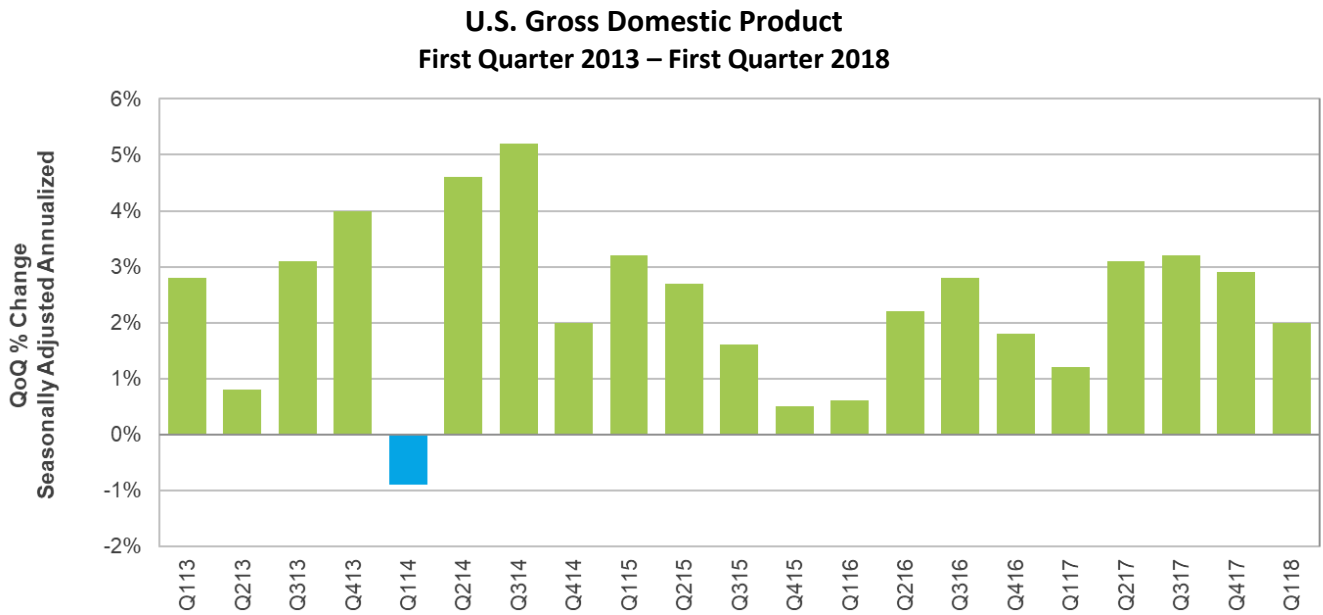


Figure 63 – U.S. Gross Domestic Product

Source: Bloomberg

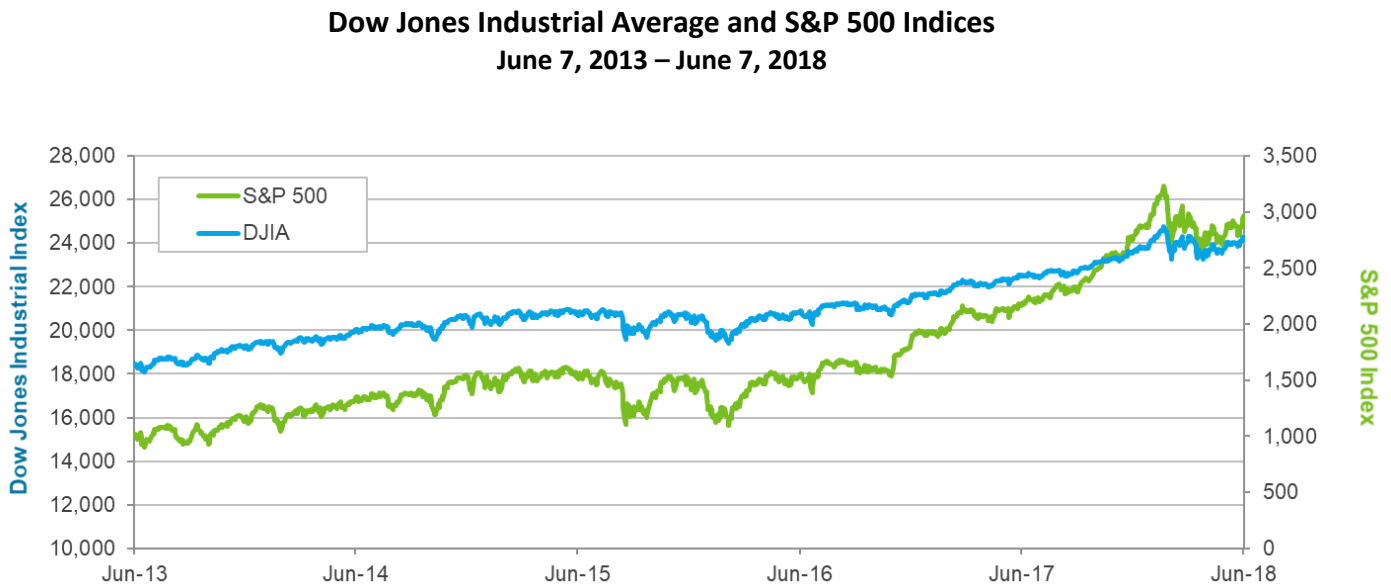


Figure 64 – Dow Jones Industrial Average and S&P 500 Indices

Source: Bloomberg

Supplemental Data

Population and Economic Metrics – San Diego County (CY 2011-2018)

Calendar Year	Estimated Population ⁽¹⁾	% Change	Per Capita Personal Income ⁽¹⁾	% Change	Total Personal Income ⁽¹⁾ <i>(in billions)</i>	% Change
2011	3,137,283	1.1 %	\$49,938	2.8 %	\$145.7	6.7 %
2012	3,174,808	1.2 %	\$50,670	1.5 %	\$152.7	4.8 %
2013	3,209,225	1.1 %	\$51,223	1.1 %	\$157.8	3.3 %
2014	3,247,522	1.2 %	\$52,889	3.3 %	\$167.1	5.9 %
2015	3,275,546	0.9 %	\$54,708	3.4 %	\$175.9	5.3 %
2016	3,305,481	0.9 %	\$55,797	2.0 %	\$157.8	(10.3%)
2017	3,327,564	0.7 %	\$56,437	1.1 %	\$192.5	22.0 %
2018	3,352,564	0.8 %	\$57,473	1.8 %	\$202.8	5.4 %

Figure 65 – Population and Economic Metrics

Source: California Department of Transportation – San Diego County

⁽¹⁾ 2017 and 2018 estimated population, per capita personal income, and total personal income are estimates by the California Department of Transportation.

San Diego County Principal Employers

July 2017				July 2008			
Employer	Local Employees	Rank	Percentage of	Employer	Local Employees	Rank	Percentage of
			Total Industry Employment				Total Industry Employment
State of California	50,200	1	3.2%	State of California	41,400	1	2.7%
U.S. Federal Government	46,700	2	2.9%	U.S. Federal Government	40,800	2	2.6%
University of California, San Diego	32,524	3	2.1%	University of California, San Diego	30,078	3	1.9%
Sharp Health Care	17,962	4	1.1%	County of San Diego	16,303	4	1.1%
Scripps Health	15,238	5	1.0%	San Diego Unified School District	15,800	5	1.0%
Qualcomm Inc.	12,600	6	0.8%	Sharp Health Care	14,390	6	0.9%
City of San Diego	11,544	7	0.7%	Scripps Health	11,690	7	0.8%
Kaiser Permanente	8,965	8	0.6%	City of San Diego	11,054	8	0.7%
UC San Diego Health	8,923	9	0.6%	Qualcomm Inc.	9,444	9	0.6%
San Diego Community College District	6,817	10	0.4%	Kaiser Permanente	7,608	10	0.5%
Total Civilian Labor Force in San Diego County (June 2016):			1,585,000	Total Civilian Labor Force in San Diego County (June 2008):			1,545,800

Figure 66 – Principal Employers

Source: Employers - San Diego Journal Book of Lists: 2018 & 2009

Total Industry Employment - California Employment Development Dept., Labor Market Info - March 2017 Benchmark

Supplemental Data

San Diego County Employment by Industry Sectors

Industry Sectors	June 2017	
	Industry Employment	% of Total
Government	252,400	17.2%
Professional and Business Services	231,800	15.8%
Trade, Transportation and Utilities	226,300	15.4%
Education and Health Services	204,900	13.9%
Leisure and Hospitality	201,700	13.7%
Manufacturing	108,800	7.4%
Construction and Mining	80,400	5.5%
Financial Activities	74,000	5.0%
Other Services	55,900	3.8%
Information	24,500	1.7%
Agriculture	8,700	0.6%
Total	1,469,400	

Figure 67 – San Diego County Employment by Industry Sectors

Source: California Employment Development Department, Labor Market Information Division
Employment & Labor Force, March 2017 Benchmark

Supplemental Data

Labor Force, Employment and Unemployment Rate

Year	Labor Force	Employment	Unemployment	Unemployment Rate	
				SD County	State
2008	1,547,300	1,454,400	92,800	6.0%	7.0%
2009	1,553,400	1,403,400	150,000	9.7%	11.3%
2010	1,513,100	1,350,500	162,600	10.7%	12.0%
2011	1,523,000	1,360,000	163,000	10.7%	12.0%
2012	1,544,200	1,397,600	146,600	9.5%	10.6%
2013	1,548,000	1,421,000	126,900	8.2%	9.2%
2014	1,544,600	1,444,000	100,600	6.5%	7.4%
2015	1,555,900	1,473,500	82,400	5.3%	6.3%
2016	1,569,000	1,491,700	77,300	4.9%	5.6%
2017	1,584,500	1,518,100	66,300	4.2%	6.3%

Figure 68 – Labor Force, Employment and Unemployment Rate

Source: California Employment Development Department, Labor Market Information Division
Unemployment Rate and Labor Force, not seasonally adjusted

This page intentionally left blank.

TABLE OF FIGURES



**20
18**

INTERNATIONAL ARRIVALS FACILITY

THIS NEW FACILITY WILL ALLOW THE AIRPORT TO ACCOMMODATE THE INCREASE IN INTERNATIONAL PASSENGERS AT SAN AS MORE OVERSEAS NONSTOP FLIGHTS ARE ADDED.

Table of Figures

Figure 1 – SAN Enplaned Passengers by Carrier	x
Figure 2 – Enplaned Passenger and Annual Growth.....	xi
Figure 3 – SDCRAA Budget Calendar.....	xiii
Figure 4 – Airline Rates, Fee and Charges.....	xix
Figure 5 – Debt Service Coverage	xx
Figure 6 – FY 2012 to FY 2018 Projected and Historical Liquidity.....	11
Figure 7 – FY 2017 to FY 2021 Financial Projections.....	17
Figure 8 – FY 2019 Revenue Variance.....	21
Figure 9 – FY 2020 Revenue Variance.....	21
Figure 10 – FY 2019 Revenue Budget by Sources	22
Figure 11 – FY 2020 Revenue Budget by Sources	23
Figure 12 – FY 2019 Expense Variance.....	32
Figure 13 – FY 2020 Expense Variance.....	34
Figure 14 – FY 2019 Expense Budget by Division.....	40
Figure 15 – FY 2020 Expense Budget by Division.....	41
Figure 16 – FY 2019 Expense Budget by Category.....	42
Figure 17 – FY 2020 Expense Budget by Category.....	43
Figure 18 – FY 2019 Personnel Budget by Division.....	45
Figure 19 – FY 2020 Personnel Budget by Division.....	45
Figure 20 – FY 2019 Budget New Positions.....	46
Figure 21 – FY 2020 Budget New Positions.....	46
Figure 22 – FY 2019 Expense Budget by Department.....	53
Figure 23 – FY 2020 Expense Conceptual Budget by Department	54
Figure 24 – FY 2019 Expense Budget by Category.....	55
Figure 25 – FY 2020 Expense Conceptual Budget by Category.....	56
Figure 26 – FY 2019 Expense Budget by Department.....	85
Figure 27 – FY 2020 Expense Conceptual Budget by Department	86
Figure 28 – FY 2019 Expense Budget by Category.....	87
Figure 29 – FY 2020 Expense Conceptual Budget by Category.....	88
Figure 30 – FY 2019 Expense Budget by Department.....	114
Figure 31 – FY 2020 Expense Conceptual Budget by Department	115
Figure 32 – FY 2019 Expense Budget by Category.....	116
Figure 33 – FY 2020 Expense Conceptual Budget by Category.....	117
Figure 34 – FY 2019 Expense Budget by Department.....	154
Figure 35 – FY 2020 Expense Conceptual Budget by Department	155
Figure 36 – FY 2019 Expense Budget by Category.....	156
Figure 37 – FY 2020 Expense Conceptual Budget by Category.....	157
Figure 38 – FY 2019 Expense Budget by Department.....	206
Figure 39 – FY 2020 Expense Conceptual Budget by Department	207
Figure 40 – FY 2019 Expense Budget by Category.....	208
Figure 41 – FY 2020 Expense Conceptual Budget by Category.....	209
Figure 42 – Operating Ratio	261

Table of Figures

Figure 43 – Operating Revenue per Enplaned Passenger	262
Figure 44 – Non-Airline Revenue per Enplaned Passenger	263
Figure 45 – Enplaned Passenger per FTE	264
Figure 46 – Operating Expense per Enplaned Passenger	265
Figure 47 – Airline Cost per Enplaned Passenger	266
Figure 48 – Days Cash on Hand.....	267
Figure 49 – Airline Cost per Enplaned Passenger by Airport	268
Figure 50 – Overall Passenger Satisfaction Rating.....	269
Figure 51 – Internet Access/Wi-Fi Satisfaction Rating.....	270
Figure 52 – Restaurant/Eating Satisfaction Rating	271
Figure 53 – Comfort of Gate/Wait Areas Satisfaction Rating	271
Figure 54 – Annual Enplaned Passengers	274
Figure 55 – Airline Market Share	275
Figure 56 – Aircraft Landed Weight	276
Figure 57 – Top 15 Airlines Ranked by Landed Weight	277
Figure 58 – Landing Fees.....	278
Figure 59 – Terminal Rates	279
Figure 60 – Aircraft Operations.....	280
Figure 61 – Historical Revenue by Source.....	281
Figure 62 – Airport Authority’s Largest Sources of Revenues	282
Figure 63 – U.S Gross Domestic Product	283
Figure 64 – Dow Jones Industrial Average and S&P 500 Indices	283
Figure 65 – Population and Economic Metrics	284
Figure 66 – Principal Employers.....	284
Figure 67 – San Diego County Employment by Industry Sectors.....	285
Figure 68 – Labor Force, Employment and Unemployment Rate	286

GLOSSARY



LOOKING FORWARD

THE AIRPORT DEVELOPMENT PLAN (ADP) IS THE NEXT MASTER-PLANNING PHASE FOR SAN DIEGO INTERNATIONAL AIRPORT...

Glossary

ACCRUAL BASIS OF ACCOUNTING – Under this method, revenue is recorded when earned and expenses are recorded when liabilities are incurred.

AIRCRAFT OPERATIONS – The landing or takeoff of an aircraft.

AIRCRAFT RESCUE AND FIRE FIGHTING (ARFF) – A special category of firefighting that involves the response, hazard mitigation, evacuation and possible rescue of passengers and crew of an aircraft (typically) involved in an airport ground emergency.

AIRPORT AUTHORITY – Refers to the *San Diego County Regional Airport Authority (SDCRAA)*.

AIRPORT AUTHORITY ACT – California State Bill AB 93: Division 17: Chapter 1, dated January 11, 2001, which establishes the San Diego County Regional Airport Authority, as a local governmental entity.

AIRPORT DEVELOPMENT PLAN – A plan which defines phases of airport growth and improvement.

AIRPORT IMPROVEMENT PROGRAM (AIP) – The FAA’s AIP provides both entitlement and discretionary grants for eligible airport projects. This program, authorized periodically by Congress, distributes the proceeds of the federal tax on airline tickets to airports, through grants, for eligible construction projects and land acquisition. See *Federal Grants*.

AIRPORT LAND USE COMMISSION (ALUC) – An agency required by state law to exist in counties served by a commercial and/or general aviation airport. The purpose of the ALUC is to protect public health, safety and welfare by ensuring the orderly development of airports and the adoption of land use measures that minimize the public’s exposure to excessive noise and safety hazards within areas around public airports, to the extent that these areas are not already devoted to incompatible uses. The San Diego County Regional Airport Authority (SDCRAA) serves as the Airport Land Use Commission for airports in San Diego County.

AIRPORT MASTER PLAN – An airport master plan represents the approved actions to be accomplished for phased development of the airport. Master plans address the airfield, terminal, landside access improvements, modernization and expansion of existing airports, and establish the premise for site selection and planning for a new airport.

AIRPORT REVENUE BONDS – Bonds issued by municipality or Airport Authority wherein airport revenues back the tax-exempt, lower interest rate bond.

AIRPORT SERVICE QUALITY (ASQ) – A survey conducted by Airport Council International to establish global benchmarking program measuring passengers’ satisfaction travelling through an airport.

AIRPORTS COUNCIL INTERNATIONAL–NORTH AMERICA (ACI-NA) – A regional office of *Airports Council International*, the global trade representative of the world’s airports, representing local, regional and state governing bodies that own and operate commercial airports in the United States and Canada. It advocates policies and provides services that strengthen the ability of commercial airports to serve their passengers, customers and communities.

ALTERNATIVE MINIMUM TAX (AMT) – A supplemental income tax imposed by the United States federal government required in addition to baseline income tax.

AUTHORITY FUND BALANCE – The Airport Authority’s fund balance is generally defined as the difference between its assets and liabilities.

BOND COVENANT – An agreement with bond holders, which defines the priority of payment of debt service in the use of revenues, among other things.

Glossary

BUDGET – A financial plan for a specified period of time (FY) that matches planned expenses and revenues with planned services.

BUDGET CALENDAR – The schedule of key dates, or milestones, that the Airport Authority follows in the preparation, adoption and administration of the annual budget.

BUILD AMERICA BONDS (BAB) – Taxable municipal bonds that carry special tax credits and federal subsidies for either the bond issuer or the bond holder.

CALENDAR YEAR (CY) – The annual period beginning January 1st and ending December 31st.

CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA) – A project undertaken by a public agency or a private activity which may cause either a direct physical change in the environment or a reasonably foreseeable indirect change in the environment must receive some discretionary approval from a government agency.

CAPITAL IMPROVEMENT PROGRAM (CIP) – A rolling, near-term five-year program that provides for critical needed improvements and asset preservation. The program includes projects that address federal security requirements, airfield safety improvement and enhanced revenue potential.

CAPITALIZED LABOR – Personnel salaries, taxes and benefits expenses that are associated with capital projects.

COMMERCIAL PAPER (CP) – Short-term promissory note issued for periods up to 270 days, with maturities commonly at 30, 60 and 90 days. The Airport Authority currently has commercial paper programs with two series, AMT and *non-AMT*.

COMMON USE PASSENGER PROCESSING SYSTEM (CUPPS) – A common use terminal equipment system which allows airlines to operate from any ticket counter and gate, if needed. It includes a common use self-service kiosk for passenger check in.

COMMON USE SYSTEM SUPPORT (CUSS) – A shared service kiosk system used by multiple airlines that allow for convenient passenger check-in.

CONCESSIONAIRE – A person or company having a lease, contract or operating permit arrangement with the Airport Authority, entitling them to do business at the airport.

COST CENTER – The area of an airport to which a revenue or expense is attributed, e.g., airfield, terminal, etc.

COST PER ENPLANED PASSENGER (CPE) – The total annual cost of fees and charges paid by the airlines, divided by the total enplanements.

CUSTOMER FACILITY CHARGE (CFC) – Airport-required fees collected by car rental agencies and used to fund new car rental facilities.

DEBT POLICY – A framework by which decisions are made concerning the use and management of debt, with a comprehensive financial plan used in effecting strategic initiatives.

DEBT SERVICE – Principal and interest payments on bonds.

DEBT SERVICE COVERAGE – An amount equal to 125% of the portion of Debt Service attributable to bonds, plus other such amounts as may be established by any financial agreement.

DISADVANTAGED BUSINESS ENTERPRISE (DBE) – A for-profit small business where socially and economically disadvantaged individuals owning at least a 51% interest also control the management and daily business operations.

DISCRETIONARY FUNDS – See *Federal Grants*.

ENTERPRISE CONTENT MANAGEMENT SYSTEM (ECMS) – Strategies, methods and tools used to capture, manage, store, preserve and deliver content and documents related to organizational processes.

Glossary

ENPLANED PASSENGER – Any revenue passenger boarding an aircraft at the Airport, including any passenger that previously disembarked from another aircraft.

ENTERPRISE FUND – In governmental accounting, a fund that provides goods and services to the public for a fee that makes the entity self-supporting.

ENVIRONMENTAL IMPACT REPORT (EIR) – The review and analysis of the environmental impacts that might potentially arise from changes in facility design or use. Those issues typically addressed in an Environmental Impact Report, Negative Declaration, or similar document, are handled by the Airport Planning Department.

FEDERAL AVIATION ADMINISTRATION (FAA) – The FAA is part of the Department of Transportation (DOT) and, within the airspace of the United States, promotes air safety, regulates air commerce, controls the use of navigable airspace, develops and operates air navigation facilities, develops and operates the air traffic control system and administers federal grants for the development of public-use airports.

FEDERAL INSPECTION SERVICES (FIS) – The FIS is a facility housing Customs and Border Protection and other international passenger arrival services.

FEDERAL GRANTS – Entitlement funds, determined by a formula according to enplanements at individual airports. The Airport Authority applies for discretionary grants of funds from the FAA through a Letter of Intent (LOI) process. Each LOI represents an intention to obligate funds from future federal budget appropriations. The issuance of a LOI is subject to receipt of Congressional appropriations for grants to airports, and does not itself constitute a binding commitment of funds by the FAA. For planning purposes, the amounts in an approved LOI from the FAA are used by the Airport Authority as an estimate of federal discretionary grants to be received.

FISCAL YEAR (FY) – The annual period beginning July 1st and ending June 30th.

FIXED BASE OPERATOR (FBO) – Commercial business, at the Airport, authorized by the Airport Authority to sell aviation fuels and provide other aviation-related services, primarily to General Aviation.

FLIGHT INFORMATION DISPLAY SYSTEM (FIDS) – A computer system used in airports to display flight information to passengers.

GENERAL AVIATION – The activities of privately owned aircraft that are not used for commercial purposes, such as the movement of passengers or freight.

GENERALLY ACCEPTED ACCOUNTING PRINCIPLES – Uniform minimum standards and guidelines for accounting and financial statement reporting.

GOVERNMENT FINANCE OFFICERS ASSOCIATION (GFOA) – A group that represents public finance officials throughout the United States and Canada to promote excellence in state and local government financial management.

INNOVATION LAB – A physical and / or virtual space to enable and support Airport-related innovations.

LANDED WEIGHT – Refers to maximum gross certificated landed weight, in one thousand pound units, as stated in the airlines' flight operations manual. Landed weight is used to calculate landing fees for both airline and general aviation aircraft operated at the Airport.

LANDING FEES – Revenues from passenger and cargo carriers for commercial aircraft landings at airports.

LAW ENFORCEMENT OFFICERS (LEO) – A public-sector employee whose duties primarily involve the enforcement of laws.

LEGACY CARRIERS – Refer to those airlines that flew interstate routes prior to the Airline Deregulation Act of 1978. U.S. legacy carriers mainly include American, Delta, United, Alaska and Hawaiian Airlines.

Glossary

LOCAL BUSINESS ENTERPRISE (LBE) – Locally-owned business which provides goods and / or services to SAN.

LOW-COST CARRIERS – Refer to airlines such as JetBlue, Frontier, Allegiant, Southwest, Alaska and Spirit.

MAJOR MAINTENANCE PROGRAM (MMP) – Includes projects that are defined as major repairs to existing buildings or structures, and does not prolong or extend the estimated useful life of the asset. Major maintenance projects are generally not capitalized and are expensed in the operating budget.

NET REVENUE – Generally defined as operating revenue less operating expenses.

OCCUPATIONAL SAFETY AND HEALTH ADMINISTRATION (OSHA) – An agency of the U.S. Department of Labor to assure safe and healthful working conditions by setting and enforcing standards and by providing training, outreach, education and assistance.

PROCUREMENT CARD PROGRAM (P-CARD) – A procurement card program assists in making payments to suppliers or merchants.

PASSENGER FACILITY CHARGES (PFC) – A charge attached to each ticketed passenger that boards an airplane at the Airport. Certain types of passengers, including military, are excluded from the Passenger Facility Charge.

PHOTOVOLTAIC (PV) – Panels that convert the sunlight directly into electricity.

QUIETER HOME PROGRAM (QHP) – See *Residential Sound Attenuation Program*.

RECEIVING AND DISTRIBUTION CENTER (RDC) – A central warehouse for the delivery and distribution of goods at an airport. All supplies for the concessions within an airport, as well as Airport Authority supplies, will flow through this center.

RENTAL CAR CENTER (RCC) – A facility to house all rental car companies in a single building.

RESIDENTIAL SOUND ATTENUATION PROGRAM – Includes sound attenuation construction at all eligible single-family and multi-family dwellings, with six or fewer units, located in the Year 2000 70 decibels Community Noise Equivalent Contour.

SAN DIEGO INTERNATIONAL AIRPORT – SAN / Airport.

SDCRAA – *San Diego County Regional Airport Authority*.

SERVICE-DISABLED VETERAN SMALL BUSINESS (SDVSB) – A business owned and controlled by a veteran with service-connected disability that has been determined by the Department of Veterans Affairs or Department of Defense.

SERVICE LEVEL AGREEMENT – Agreement between the San Diego Port District and the Airport Authority defining the services that the Airport Authority obtains from the Port.

SMALL BUSINESS ENTERPRISE (SBE) – Independently owned and operated for profit US business contributing to US economy, not dominant in national industry and NAICS (North American Industry Classification System) qualifies size standards by industry.

TELEDYNE-RYAN (TDY) – Former Teledyne-Ryan property within the Airport footprint to be used in the SDIA Airport Development Program and Green Build project.

TERMINAL DEVELOPMENT PROGRAM – Planned series of various terminal and airfield improvements essential to accommodating the growing passengers' demands at SAN.

TRANSPORTATION NETWORK COMPANY (TNC) – Connects paying passengers with drivers who provide the transportation on their own non-commercial vehicles.



celebrating

90 *years*

SAN DIEGO
INTERNATIONAL AIRPORT

